

Exhibit 5

1 IN THE UNITED STATES BANKRUPTCY COURT

2 FOR THE SOUTHERN DISTRICT OF TEXAS

3 HOUSTON DIVISION

4 IN RE: § CASE NO. 20-33948-11
5 § JOINTLY ADMINISTERED
6 § HOUSTON, TEXAS
7 § TUESDAY,
8 § JUNE 22, 2021
9 § 1:44 P.M. TO 5:37 P.M.
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FIELDWOOD ENERGY LLC,
DEBTOR.

CONFIRMATION HEARING DAY TWO (VIA ZOOM)

BEFORE THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES: SEE NEXT PAGE

(Recorded via CourtSpeak)

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1 HOUSTON, TEXAS; TUESDAY, JUNE 22 16, 2021; 1:44 A.M.

2 THE COURT: All right, we're returning to the
3 Confirmation Hearing in the Fieldwood case. It's 20-33948.

4 Who's going to be the proponents' next witness?

5 (Pause in the proceedings.)

6 THE COURT: Mr. Perez?

7 MR. PEREZ: Yes, Your Honor, Alfredo Perez. John
8 Graham was going to be our next witness, Your Honor. I see
9 him on the screen. I don't know whether he's on.

10 THE COURT: Thank you.

11 Mr. Graham, if I could get you to press five star
12 one time on your line, please, sir?

13 Mr. Graham, good afternoon. Would you raise your
14 right hand for me please?

15 MR. GRAHAM: Good afternoon.

16 THE COURT: Thank you. Would you raise your right
17 hand for me, please?

18 (Witness sworn.)

19 THE COURT: Thank you.

20 All right, let me see. I've got someone else that
21 wishes to address the Court. Well, Mr. Perez, I had already
22 activated your line I think before you pressed five star.

23 All right, let's move ahead then.

24 MR. PEREZ: Thank you. Your Honor, can you hear
25 me?

1 THE COURT: Yes, sir.

2 MR. PEREZ: I think you lowered my hand. Oh, you
3 can hear me?

4 THE COURT: I lowered your hand because I already
5 activated your line. I'll leave it open for the hearing.

6 MR. PEREZ: Oh, okay, okay. I thought you were
7 trying to silence me. But, --

8 THE COURT: I have other ways of doing that.

9 DIRECT EXAMINATION OF JOHN ANTHONY GRAHAM

10 BY MR. PEREZ:

11 Q Good afternoon, Mr. Graham. Could you please state
12 your name?

13 A John Anthony Graham.

14 Q And, Mr. Graham, are you the individual that is
15 proposed to be the sole manager of Fieldwood One?

16 A I am.

17 Q Would you please tell the Court your educational
18 background?

19 A I graduated in 1977 from the University of Missouri
20 with a Bachelors of Science degree in mechanical
21 engineering. And then in 1983, I graduated from University
22 of Oklahoma with a Masters in Business Administration.

23 In addition, I'm a registered professional engineer in
24 the State of Texas.

25 Q Now, when did you first obtain employment in your area

1 of expertise?

2 A I started to work in 1977 for AMACO Production Company
3 in Tyler, Texas.

4 Q And what was your position at that time?

5 A I was a production engineer.

6 Q All right, and then, what did you do after that
7 opportunity?

8 A After joining AMACO in 1977, I had several different
9 positions relating to operations engineer, reservoir
10 engineer, reservoir engineering manager, vice president of
11 reservoir engineering, region vice president and country
12 manager, region vice president and managing director.

13 Q All right, so let me -- let me -- so --

14 A And also vice president of health safety security
15 environment for Apache Incorporation.

16 Q All right. So, what was your last employment,
17 Mr. Graham?

18 A I retired from Apache Corporation in April of 2020
19 after serving them in five countries, seven regions, at
20 corporate office in 25 years.

21 Q All right, so prior to the time that you went to
22 Apache, what were your positions? What type of work did you
23 do?

24 A I was doing petroleum engineering work primarily as an
25 operations engineer, production engineer, reservoir

1 engineering management and reservoir engineer executive.

2 Q Okay and --

3 A And also vice president of health, safety environment.

4 Q Okay, so when you went to Apache, what were your
5 positions?

6 A I went to Apache in 1994 as reservoir engineering
7 manager in the Rocky Mountain Region in Denver, Colorado.

8 Q And then what was your next position after that?

9 A It was Region Vice President of the Gulf Coast.

10 Q Okay and then after that?

11 A I was transferred as engineering general manager for
12 Apache Egypt's companies in Cairo, Egypt.

13 Q Okay, were you ever the reservoir engineering manager
14 for the Gulf Coast region -- for the Gulf of Mexico region?

15 A I was reservoir engineering manager for the Gulf of
16 Mexico region, yes.

17 Q Okay. And then after your position in Cairo, Egypt,
18 where did you go from there?

19 A I was promoted to vice president of reservoir
20 engineering in our Canadian region in Calgary Alberta.

21 Q Okay. And then what did you do after that?

22 A After three years, I was asked to transfer to Buenos
23 Aires, Argentina as the region vice president and country
24 manager for Apache Argentina.

25 Q And then after that position, what did you do?

1 A I was transferred back to Houston, Texas as a vice
2 president of health, safety, security, and environment for
3 Apache Corporation worldwide.

4 Q Okay. So at that point -- at that time did you have
5 responsibility for health, safety, security and the
6 environment for the Gulf of Mexico region?

7 A I had -- I was the oversight for the entire company.
8 Not necessarily just the Gulf of Mexico.

9 Q Got it. And then what was your position after that?

10 A After that, I was transferred to Aberdeen, Scotland as
11 region vice president and managing director of Apache North
12 Sea.

13 Q And was that your last posting with Apache?

14 A Yes, it was. And I retired in April of 2020.

15 Q Now, could you tell the Court how big the North Sea
16 region is?

17 A When I was managing the North Sea Region, we produced
18 between 60 and 70,000 barrels of oil a day, equivalent, from
19 seven platforms. And we would generate in the neighborhood
20 of \$3 billion a year worth of revenue. And our net revenue
21 was approximately a billion and a half dollars a year.

22 Q Thank you.

23 Now in terms of when did you first hear about the
24 opportunity to be the sole manager?

25 A In August of 2020 I was contacted by Anthony Lanny,

1 general counsel for Apache Corporation. He described the
2 position they were looking to fill at Fieldwood One. He
3 thought I had the background and expertise and experience
4 for that. And asked me if I would be interested in
5 submitting my name for consideration.

6 Q And so what did you do after that first initial
7 contact?

8 A I provided Mr. Lanny with an updated résumé and he
9 explained -- he also provided me with the job description
10 and also the term sheet agreement between Apache and
11 Fieldwood Energy.

12 And he told me the situation that it was going through,
13 the bankruptcy, and that it would be some time in the first
14 quarter of 2021, you know, before Fieldwood One would emerge
15 from the bankruptcy.

16 Q And did you indicate an interest in pursuing this
17 opportunity?

18 A After consideration and reading the documents, I told
19 Mr. Lanny that I gave him my approval to submit my name for
20 consideration.

21 Q And then what happened next?

22 A I was contacted by Mr. Lanny in early December letting
23 me know that I would be contacted by Fieldwood Energy to
24 where they could have an opportunity to speak with me, get
25 to know me and understand my background and experience.

1 Q And did that happen?

2 A Yes, I think sometime in mid-December I had a meeting
3 with Mike Dane and Tommy Lamb to discuss the Fieldwood One
4 position.

5 Q Okay and then what happened as a result of that
6 meeting?

7 A After that meeting, I was next contacted and presented
8 with the job offer as sole manager for Fieldwood One and
9 also, they asked me if I would be available to come on as a
10 consultant of Fieldwood Energy until they came out of
11 bankruptcy and Fieldwood One was created.

12 Q Okay, and then what did you do after that proposal was
13 made?

14 A I accepted the proposal and I went to work, I believe,
15 it was January 14th of 2021 for Fieldwood Energy as a
16 consultant with primary responsibility to become familiar
17 with the Fieldwood One properties, the Fieldwood Energy
18 Organization and also have an opportunity, you know, to meet
19 the people that would be involved in operating Fieldwood
20 One.

21 Q Okay. And have you, in fact, been doing that since
22 that time?

23 A Yes, I have. I've been given the opportunity to review
24 the properties, sit down with the asset managers, review the
25 fields, the active projects, the decommissioning folks.

1 Also, most of the major functional area managers, including
2 the field operations folks as well as the vice president of
3 operations.

4 I was also provided an updated reserve report and I get
5 daily production reports on the Fieldwood One properties.

6 Q All right, Mr. Graham, what do you understand the role
7 of the Fieldwood One sole manager to be?

8 A Well the Fieldwood One sole manager is responsible for
9 the operations and decommissioning of the Legacy Apache
10 properties. With the mission of decommissioning these
11 assets in a timely manner.

12 Q Okay, and what are the considerations that will go into
13 that decommissioning?

14 A Well, the primary responsibility of Fieldwood One is to
15 decommission the non-producing properties and then maximize
16 the cash flow from the producing properties to provide funds
17 for future decommissioning.

18 Q All right. And now initially, I believe, the testimony
19 has been that initially there will be Transition Services
20 Agreement with the Credit Bid Purchaser. Are you aware of
21 that?

22 A Yes, I am. There's a provision that Fieldwood Energy,
23 Newco will provide contract operations for the Fieldwood One
24 properties.

25 Q And how will you be involved with respect to that

1 Transition Services Agreement?

2 A Well, it will be my responsibility to oversee the
3 contract operator in the operations of Fieldwood One.

4 Q And do you have any ability to change the contract
5 operator?

6 A Yes, I do. As sole manager, I have the right to change
7 the contract operator. In fact, the LLC agreement for
8 Fieldwood One stipulates that I have to bid out the contract
9 operations to at least three credible companies to ensure
10 that we're getting optimum cost for operations.

11 Q And is that a role that you've performed before
12 assuring yourself that you were getting the maximum cost and
13 the maximum efficiency?

14 A Yes. Throughout my career that has been my
15 responsibility as an executive to make sure that operations
16 were run safely, environmentally responsible, and
17 economically efficient.

18 Q Okay, now do you still -- do you currently have any
19 involvement with Apache Corporation?

20 A No, I left them in April of 2020.

21 Q Do you own any Apache stock?

22 A With my 25 years of employment with Apache, yes, I have
23 accumulated some Apache stock.

24 Q Okay, do you believe that having that stock is going to
25 influence your decision making as the sole manager?

1 A No. It's a minor part of my net worth and as a
2 professional manager of Fieldwood One, my responsibility and
3 loyalty is to Fieldwood One.

4 Q Now, are you aware that Apache has certain consent
5 rights pursuant to the LLC agreement?

6 A That's my understanding. I think there's about 14 or
7 15 items that need Apache's consent.

8 Q And do you believe that those consent rights will
9 influence your ability to manage Fieldwood One with the
10 objective that you've set out?

11 A No, because I have complete responsibility of the
12 decommissioning operations as well as the production
13 operations of the producing properties.

14 Q All right, now in terms of compensation, how are you --
15 how will you be compensated as the sole manager?

16 A According to the letter agreement that I signed, I'll
17 have a base salary -- a monthly base salary. And then there
18 are some long term incentives to -- if I fulfill this
19 position for three years, there's a bonus stipulation and
20 then another one at five years.

21 There's also a long term incentive to maximize the cash
22 flow. And if we hit \$400 million of excess cash flow as
23 defined in the standby credit agreement, there's an
24 additional compensation available.

25 Q And how would you achieve that \$400 million of excess

1 cash flow?

2 A By optimizing and maximizing the cash flow from the
3 producing properties.

4 Q And what about --

5 A And also decommissioning the non-producing properties.

6 Q Okay. And will you have control over some of the
7 expense items as well?

8 A Yes. My responsibility will be to manage not only the
9 production and the review, but also -- excuse me just a
10 second. To manage the expenses and G&A involved with
11 operating the Fieldwood One properties.

12 Q Mr. Graham, do you believe that based on your
13 experience and qualifications that you are qualified to do
14 the tasks required of the Fieldwood One manager?

15 A Yes, I have the background, the expertise to manage the
16 properties. I've done it for many years. I have
17 approximately 44 years of experience in the industry doing
18 exactly what's been required of the Fieldwood One.

19 MR. PEREZ: Thank you, Your Honor. I have no
20 further questions of this witness.

21 THE COURT: Thank you, Mr. Perez.

22 Are there any proponents of the Plan that have
23 questions for Mr. Graham? If so, please press five star one
24 time on your line.

25 (Pause in the proceedings.)

1 THE COURT: All right, are there any persons in
2 opposition to confirmation of the Plan that have any
3 questions for Mr. Graham?

4 (Pause in the proceedings.)

5 THE COURT: Mr. Eisenberg?

6 MR. EISENBERG: Yes, good afternoon, Your Honor.
7 Philip Eisenberg. I am not here to oppose the Plan for
8 ATCI. I wanted to alert the Court that we had been --
9 before the confirmation hearing started, we had made an
10 arrangement with Debtors for them to make Mr. Graham
11 available for testimony in our case.

12 And they told me that they were going to put him
13 on in direct and if I wanted to I could cross him. But we
14 have reached our arraignments and TCI will not availing
15 themselves of that and would be releasing Mr. Graham from
16 our case-in-chief.

17 I just wanted to, if Your Honor would indulge me,
18 wish Mr. Graham luck. He's a very impressive man and I hope
19 he gets all his --

20 THE COURT: So you hope he gets a lot of his
21 incentive payments?

22 MR. EISENBERG: Yes, Your Honor. I do.

23 THE COURT: All right. Mr. Eisenberg, thank you
24 for the comment and the courtesy of releasing him.

25 Is there any other party that has any questions

1 for Mr. Graham? If so, you'll need to press five star one
2 time on your phone, please.

3 (Pause in the proceedings.)

4 THE COURT: Mr. Graham, I don't have any questions
5 for you. Thank you for coming. You're welcome to observe
6 the balance of the hearing if you wish and you're welcome to
7 leave if you wish. It's public courtroom.

8 THE WITNESS: Thank you, Your Honor.

9 THE COURT: Thank you, sir.

10 (Witness excused.)

11 THE COURT: Who's going to be the next witness,
12 Mr. Perez?

13 MR. PEREZ: Ms. Choi, I think is up next Your
14 Honor.

15 THE COURT: All right, Ms. Choi if you would press
16 five star, please.

17 (Pause in the proceedings.)

18 THE COURT: Ms. Choi, good afternoon.

19 MS. CHOI: Good afternoon, Your Honor, Erin Choi
20 Weil, Gotshal & Manages on behalf of the Debtors. At this
21 time I would like to call Mr. Clayton Green to testify in
22 support of Plan Confirmation.

23 THE COURT: Thank you.

24 Mr. Green, could I get you to press five star one
25 time on your phone, please, sir?

1 (Pause in the proceedings.)

2 THE COURT: Mr. Green, good afternoon. Would you
3 raise your right hand, please?

4 (Witness sworn.)

5 THE COURT: I couldn't hear that. You may have
6 your own line muted.

7 THE WITNESS: I apologize, Your Honor. Yes, I do.

8 THE COURT: Thank you sir.

9 All right, Ms. Choi, go ahead, please.

10 DIRECT EXAMINATION OF CLAYTON GREEN

11 BY MS. CHOI:

12 Q Please state your name for the Record.

13 A My name is Clayton Green.

14 MALE SPEAKER MALE: Your Honor, I'm having a hard
15 time --

16 THE COURT: Can I get you to move little closer to
17 your mic?

18 THE WITNESS: Is that better?

19 THE COURT: It is. Even closer would be better.

20 THE WITNESS: Okay. Is that loud enough?

21 THE COURT: That is. Thank you.

22 THE WITNESS: Okay.

23 THE COURT: I'll look at your bald head as you
24 bend over, Mr. Green.

25 THE WITNESS: Exactly.

1 THE COURT: Go ahead, please, Ms. Choi.

2 BY MS. CHOI:

3 Q Mr. Green, where are you currently employed?

4 A With AlixPartners, LLP.

5 Q And how long have you been employed there?

6 A Throughout my career for approximately 15 years.

7 Q What position do you hold at AlixPartners?

8 A I'm a managing director.

9 Q And Mr. Green, what is your role in this bankruptcy?

10 A AlixPartners was retained as financial advisor to
11 Fieldwood to assist the company with the bankruptcy
12 proceeding.

13 Q Mr. Green, are you here today as an expert witness?

14 A I'm not.

15 Q Did you calculate how much to reserve for the claims
16 reserve purposes in this case?

17 A Yes.

18 MS. CHOI: Your Honor, if I may ask that you give
19 control of the screen to Kevin Simmons?

20 THE COURT: All right, Mr. Simmons, can I get you
21 to turn your camera on just for a moment so I can find you?
22 Thank you.

23 (Pause in the proceedings.)

24 THE COURT: All right, Mr. Simmons is now the
25 presenter.

1 MS. CHOI: Thank you, Your Honor.

2 BY MS. CHOI:

3 Q If I may share on the screen a demonstrative that is
4 ECF No. 1646-3, which is Debtor's Exhibit 108. This is a
5 demonstrative that was used yesterday.

6 Mr. Green were you involved in the preparation of the
7 numbers that are reflected on the left side of this
8 demonstrative?

9 A Yes, I was.

10 Q And were you also involved in the preparation of
11 certain numbers on the right side of this demonstrative?

12 A Yes, I was. Just one line item on the right-hand side,
13 the sale reserve costs.

14 Q Thank you.

15 And for the sale reserve cost, can you please explain
16 to the Court what estimates -- what numbers are included in
17 that estimate?

18 A Yeah, for the sale reserve costs, it's made up of two
19 separate categories of estimates. The first is accrued and
20 unpaid taxes as of the emergence state. And the second is
21 the amount calculated for personal injury matters that the
22 company is dealing with.

23 So the latter there's an estimate of \$1.4 million in
24 that and that takes \$100,000 deductible and applies it to 14
25 personal injury matters that the company is handling at the

1 present.

2 Q And what else --

3 A The second -- I was going to say, sorry, the second
4 component of the sellers cost the accrued and unpaid taxes
5 there's an estimate of \$1.1-to-1.3 million in those numbers.

6 With respect to, again, taxes that are -- with the
7 accrued or estimate the accrued and unpaid as of a potential
8 emergence date.

9 Q Thank you.

10 And what creates the variability in this range in this
11 estimate?

12 A It's just a matter of an emergence date. And so to the
13 extent the company will emerge sometime in June, that
14 estimate was 1.1 million. If the company were to emerge
15 sometime in July, the estimate was 1.3 million as
16 calculated.

17 Q So that amounts to what -- what amount did you
18 calculate for the sale reserve?

19 A 2.5 on the low side and 2.7 million on the high side.

20 Q Thank you.

21 So turning now to the left side of this demonstrative,
22 the claims reserve section, what categories did you include
23 in the claims reserve?

24 A On the left-hand side of the page, each category that's
25 listed, the professional fee escrow, other exit fees and

1 costs, cure amounts, 503(b)(9) claims. In addition, amounts
2 estimated for allowed priority tax claims, allowed other
3 priority claims, allowed other secured claims and finally
4 the 6A cash coordinates.

5 Q Now if we could just start walking through each of
6 these categories? So for professional fees escrow, can you
7 describe how you've calculated how much to escrow for
8 professional fees?

9 A Yes, for professional escrow, the estimate is arrived
10 by simply looking at historical invoices that have been sent
11 to the company throughout the pendency of the case. And in
12 looking at those invoices, identifying a high and a low
13 range for invoices that have been submitted. And then to
14 come up with an ultimate estimate that you see on the screen
15 there is trying to identify or understand activity level by
16 firm, as the case draws to the close, and what the amount
17 outstanding would be as an emergence date and the amounts
18 that will be funded into the escrow account.

19 Q Thank you.

20 And based on those calculations, what was the high and
21 low range of what Fieldwood needs to escrow for professional
22 fees?

23 A On the low side, just over \$15 and half million and on
24 the high side, just over \$27 and half million.

25 Q Turning to the next category, other exit fees and

1 costs, what kinds of cost fit into this category?

2 A It's largely the same as the line above with respect to
3 how the calculation was made. It's primarily made up of
4 professional firms that would not be subjected to funds
5 coming out of the escrow account.

6 However, there are other amounts in there. For
7 instances, there are small amounts relating to
8 (indiscernible) and we also have an amount for US Trustee
9 fees that would be outstanding as of emergence as well.

10 Q And the calculations what was the estimate for other
11 exit fees?

12 A On the low side, just over 11-1/2 million and on the
13 high side, just under 18 million.

14 Q Turning next to the cure amounts, can you describe how
15 you calculated this category?

16 A Yes. Contract assumption schedules that were filed
17 with the Court, what I did was identify any open pay
18 structure -- well actually two steps if you'll allow me.

19 Initially the contract assumption schedules that were
20 filed with the Court, we looked at the open payables for any
21 of the contract counterparties for those contracts that are
22 marked as assumed and had an estimate of about 500 -- excuse
23 me, \$5-1/2 as a cure amount.

24 Subsequent to those Schedules being filed, the company
25 received objections to cure amounts. Me and members of my

1 team looked at those objections and worked with the company
2 to understand which of those objections are called out
3 amounts that could potentially be held as pre-petition
4 obligations associated with those contracts that are listed
5 on the assumption schedule.

6 On the low side, identified about \$1.2 million
7 additionally that we added to the estimates. And on the
8 high side it was close to \$2 million that were added to the
9 estimates.

10 So in total that's the number that you see there, it's
11 5-1/2 plus those objections on the low and high side, we
12 arrive at \$6.8-to-7.5 million.

13 Q Can you next describe how you calculated the reserve
14 for the 503(b)(9) claims, please?

15 A Yes. Claims that were asserted for administrative
16 amounts, were reviewed by me or members of my team. We ran
17 it through various -- I guess we could review it in a couple
18 different ways.

19 First, of the claims that were asserted for
20 administrative amounts and for 503(b)(9) amounts
21 specifically, initially identified those claims that me or
22 members of my team had marked as set for non-substantive
23 objections.

24 And what I mean by that are claims that are
25 duplicative -- literally duplicative, had been filed

1 multiple times or are redundant in nature or to the extent
2 the claims had been amended over time -- amended with
3 subsequently filed claims, that is.

4 We took those -- asserted amounts for those claims
5 specifically and removed them from the estimate. With the
6 claims that remain that had asserted 503(b)(9) amounts to
7 the extent the proofs of claims also provided invoice
8 detail, looked at the invoices to determine first, if the
9 invoices were for physical goods and products as opposed to
10 just services -- which is a requirement for 503(b)(9) claim.
11 And second, identified per the invoices if the goods or
12 products were delivered to the company within the 20 days
13 prior to filing.

14 Q Did you do anything else?

15 A With respect to the 503(b)(9) claims?

16 Q Yes.

17 A If we did, it might be slipping my mind. I know that
18 we removed non-substantive objections and any claims that
19 were -- and any other asserted claims that we made
20 adjustments for, that fall in the buckets of either, you
21 know, having to require for physical -- requiring physical
22 goods or products or were adjusted for the 20 days window.

23 Q And what was the result of these adjustments?

24 A An estimate on low side about \$400,000 and high side
25 about \$600,000.

1 Q Turning next to the allowed priority tax liens. Can
2 you please describe how you calculated this category?

3 A Yes. Similar to the 503(b)(9) claims, me and members of
4 my team reviewed any claims that were asserted for priority
5 amounts and identified which of those claims were asserted
6 for outstanding tax liabilities. After performing that
7 review, we only identified two claims -- well I guess before
8 that review and also worked with the company and their tax
9 group to understand which amounts are asserted were either
10 invalid or had already been paid or have not yet come due.

11 After performing that review, we calculated an
12 estimate. While there it looks like zero on the page, is on
13 the high side it's about \$11,000. On the low side, it is
14 zero.

15 Q Turning now to allowed other priority claims. Did you
16 consider this category as well?

17 A I did consider this category. As part of the review of
18 any claims asserted for priority amounts me and members of
19 my team, we did not identify any claims asserted for
20 anything outside of tax that would warrant priority
21 treatment under the Plan.

22 Q Thank you, Mr. Green. Now did you also look at a class
23 of claims called, "allowed other secured claims?"

24 A Yes.

25 Q And how did you calculate for this group?

1 A Additionally there was close to 1,000 claims filed
2 against Fieldwood for -- in the neighborhood of \$45 billion.
3 Just like with the 503(b)(9) and the priority claims, we
4 identified the claims that were asserted for secured amounts
5 to start -- to begin the analysis. And that population
6 totaled to about \$15 billion.

7 Q Did you make any adjustments from there?

8 A Yes. So, the \$15 billion was really the starting point
9 to the secured claims estimates. We made adjustment from
10 there and bucketed claims depending on what they were
11 asserting.

12 But initially the adjustments to the entire population
13 of \$15 billion claims, the first adjustment we made was, as
14 I mentioned earlier with non-substantive objections in the
15 503(b)(9) claims, there were multiple claims filed for --
16 asserting for secured amounts that were also marked for non-
17 substantive objections.

18 Again, those are claims that are duplicative or
19 redundant in nature, claims that had been amended over time,
20 claims where the certain claimant had agreed to a certain
21 trade agreement.

22 So we removed those claims, the asserted amounts and we
23 adjusted the total. That adjustment by itself was about
24 \$11 billion.

25 Q And what adjustment, if any, did you make next?

1 A We identified of the secured claims that were asserted,
2 identified which ones were related to secured or bank debt
3 and removed those from the estimates as well. That's about
4 \$2 billion of asserted claims.

5 Q And why did you remove those?

6 A My understanding of the Plan is that those -- the
7 amounts owed to those parties are treated separately and are
8 not to be included in the claims reserve.

9 Q What adjustment, if any, did you make from there?

10 A Identified claims that were to withdrawn. Certain of
11 the claims that were asserted secured claims, agreed to
12 withdraw their claims. And that amount added up to about
13 \$750 million.

14 And there was one final adjustment that we made to the
15 overall \$50 billion asserted, which was claims for -- claims
16 served by taxing authorities or claims for royalty interest.
17 And after investigation with the company, found that those
18 claims are invalid. So we adjusted those out as well.

19 I think I mentioned that the withdrawn claims totaled
20 \$750 million if I did not I apologize. But that was a \$750
21 million adjustment. The adjustment I just mentioned with
22 respect to the tax and royalty claims is about \$1 million.

23 Q So how much unsecured claims was left after these
24 adjustments were made?

25 A In the range of a billion to a billion and one.

1 Q Did you calculations stop there?

2 A No. As I mentioned earlier, we started to get into
3 claims depending on what was asserted and the nature of the
4 asserted claim.

5 And so, I arrived at three buckets. The first were
6 claims asserted by working interest owners. That was about
7 a billion dollars. The second bucket were claims that were
8 asserted for outstanding DIP amounts or pre-petition amounts
9 owed for gathering and transportation agreements.

10 And the third bucket were claims asserted by vendors
11 where the vendor asserted a lien on the property. The
12 bucket for the JIBS and gathering transportation agreements
13 is about \$13 million. For the vendor asserted claims,
14 totaled about \$22 million.

15 Q Thank you.

16 So let's talk first about the working interest owner
17 bucket. The first bucket of the three. What kinds of
18 claims did the working interest owners assert?

19 A They asserted three claims -- three types of claims
20 primarily. So we created some buckets, if you will. The
21 first type of asserted claim was for P&A obligations.

22 The second bucket or some bucket, I should say, was
23 with respect to cash advances to the operator or cash calls.
24 And the third bucket or the third sum bucket was claims
25 filed with respect to the underlying vendor liens.

1 Q And --

2 THE COURT: I'm sorry I missed that last word.
3 Something filed with respect to the underlying indemnity,
4 you said?

5 THE WITNESS: I'm sorry, Your Honor. Underlying
6 vendor liens. These are claims that were asserted by --

7 THE COURT: Yeah, I just didn't hear the word.
8 Thank you.

9 BY MS. CHOI:

10 Q Mr. Green, what steps did you take to calculated the
11 secured working interest owner claims?

12 A Of the \$1 billion that were asserted, we made
13 adjustments to similar tax and highlights in the other
14 categories. The first thing just sort of going in order,
15 was looking at the claims asserted for contingent fee
16 allegations. There was claims asserted total about \$950
17 million. According to the Plan and step we took in the
18 estimation was to remove those claims asserted for
19 contingency obligations entirely. And that was an
20 adjustment of about \$950 million.

21 Q What did you do next?

22 A With respect to the claims asserted for cash advances
23 to the operator or cash calls, there was one claim asserted
24 for just over \$2 million by Valero. It alleged the right to
25 secured claims via right to set off.

1 My understanding of the claim and the situation with
2 Valero is that no additional funding would be required to
3 claims reserve regardless of how the -- regardless of the
4 outcome of that claim.

5 And so, we removed that amount from the estimate and
6 total as well. Again, that was about a \$2 million
7 adjustment.

8 Q And then what did you do with respect to the third
9 sub-bucket?

10 A The claims asserted for underlying vendor liens --
11 totally asserted was about \$70 million. Me and members of
12 my team look at each one of those claims that were asserted
13 and the proofs of claims themselves provided detail with
14 respect to the actual vendors that made up the claim.

15 And in looking at that detail we were able to identify
16 basically two adjustments to those asserted amounts. The
17 first, although the claims were filed by different working
18 interest owners, but in certain cases, they would assert the
19 same amount for the same vendor obligation.

20 And so we removed from the estimates the amounts that
21 were duplicative in the sense that they were filed for the
22 same amount with the same vendor in case there were multiple
23 proofs of claims.

24 Making that sort of duplicate adjustment, backed out
25 \$35 million from the asserted total of underlying vendor

1 lien claims.

2 And another thing in looking at the underlying vendor
3 lien claims is identifying which of those vendors had signed
4 trade agreements with the company and removing those
5 asserted amounts from the estimate as well. And that
6 adjustment added up to \$20 million -- roughly \$20 million.

7 Q What did you do after that?

8 A That left about \$14 million with respect to the
9 underlying vendor lien claims asserted after the duplicate
10 and trade agreement adjustments.

11 For the purposes of this estimate, we calculated a low
12 estimate for the underlying vendor lien claims as zero and a
13 high estimate for the full \$14 million.

14 My understanding is that there's a decision yet to be
15 rendered on the underlying vendor lien claims and to the
16 extent or whether or not those other claims will be fully
17 extinguished through the Plan or not.

18 If not, the \$14 million is in the high total. If they
19 will be extinguished in their entirety, zero is where it
20 comes into account for the low estimate.

21 Q Thank you. So turning to then the second bucket, the
22 JIB and gathering agreement bucket. What analysis or
23 calculations did you perform with respect to this bucket?

24 A The JIB and gathering transportation agreement bucket,
25 excuse me, was about \$13 million asserted. The first item

1 that was identified were any outstanding -- any JIB's
2 amounts that were claimed or asserted or had already been
3 paid throughout the pendency of the case. Or the company's
4 books and records did not match what was -- what had been
5 asserted in the proof of claim.

6 So Collin just wasn't showing up in the company's books
7 and records. We made that adjustment and that was an
8 adjustment of about \$7 million off the \$13 million total.

9 Q Did you make any other adjustments?

10 A Yes. With respect to -- yes with the JIB, yes we did.
11 So we identified certain claims that were disputed -- excuse
12 me that were duplicated with the JIB amount. And that
13 amount was about \$1 million that we adjusted out.

14 Q And did -- sorry, go ahead.

15 A Yes, we did. One more adjustment with respect to the
16 Valero claim which is bucketed in this claim, we removed \$2
17 million that was asserted.

18 Q So what was the result of these adjustments?

19 A We came up with an estimate for the JIB -- the JIB
20 amounts are anywhere from \$600,000 to about \$30 million.
21 And the difference between the high and the low. My
22 understanding that the company in conversations with certain
23 parties that asserted secured claims for JIB or gathering
24 transportation amounts, to the extent agreements were
25 reached and payments were made to satisfy these claims. We

1 removed those balances from the low case.

2 To the extent they are not, then their resolution --
3 there's no resolution arrived before the emergence date,
4 there's an answer in the high case.

5 Q Thank you. Turning now to the third and final bucket,
6 the vendor bucket. How much was asserted in these vendor
7 claims?

8 A The amount that was asserted in the claims was about
9 \$23 million. And in similar fashion we made adjustments to
10 that as well.

11 Q What adjustments did you make?

12 A First for the vendor claims, we identified any claims
13 asserted by vendor that had agreed to unsecured treatment.
14 And we removed those claims from the total -- the total
15 estimate. And that was about a \$14 million adjustment.

16 Q Did you make any additional adjustments?

17 A Yes, any claims that were asserted for amounts that the
18 company did not reflect in their books and records, we
19 adjusted that amount out as well. And that was an
20 adjustment of about \$2 million.

21 Q And were there any further adjustments?

22 A With respect to the claims that were filed with the
23 vendors, and if the claims still remained in the
24 estimate -- if I could say it that way -- they still remain
25 in the estimate after those first two adjustments I

1 mentioned.

2 In looking at the proofs of claim, vendors often times
3 will provide invoice support and identify which of the
4 properties the claims were being asserted against.

5 As we looked at the properties specifically, we look at
6 the mortgage date of those properties and compare that to
7 the MSA date of the vendor that is asserting the claim.
8 (Indiscernible) to the mortgage date, preceded the MSA date.
9 We removed those amounts from the claim yesterday. And that
10 was another adjustment of about \$2 million.

11 Q And were there any additional adjustments or was that
12 all of them?

13 A There was one more -- one that we made in addition,
14 which is looking at the properties individually. To the
15 extent the properties had an estimated PV10 value that was
16 negative, we removed those amounts asserted against those
17 specific properties as well. That adjustment was about
18 \$600,000.

19 Q And why did you use the PV10 estimated?

20 A The PV10 report was provided to us from the company to
21 the extent that there was a negative value found in the PV10
22 report for a specific property, again, made the conclusion
23 that the security interest didn't have any value to it and
24 so adjusted that amount out of the estimate for the secured
25 claims.

1 Q So what was the resulting estimate for this vendor
2 bucket after you made these adjustments?

3 A The vendor bucket didn't have a low, high range on it.
4 It was just -- it was right at \$3 million.

5 Q And what was the overall then result of your
6 calculations after you performed all these adjustments we
7 just discussed?

8 A In taking those three buckets added together after all
9 of the adjustments we came up with the range that you see on
10 the screen of \$4 million in a low case and \$21 million on
11 the high.

12 Q And is there a single source for most of the difference
13 between the four and the 21 million?

14 A Primarily it's a zero to \$14 million range that we
15 talked about with the underlying vendor liens. Again, in
16 the low case having zero to the extent that vendor claims
17 are extinguished through the Plan.

18 In the high case, they're full \$14 million which is the
19 asserted amounts for their vendor claims -- underlying
20 vendor lien claims, excuse me. It has the full amount in
21 the high case estimate.

22 Q Thank you, Mr. Green.

23 Let's turn next to Class 6A cash pool. Can you
24 described how you calculated this 6A claims?

25 A Yes. The 6A cash pool amount is made up of claims

1 asserted by trade vendors that opted in to Class 6A. We
2 received a report from Prime Clerk, indicating which trade
3 vendors chose to participate in Class 6A.

4 Looking at the asserted claims and matching that to the
5 company's books and records, the estimate has in the low
6 case about \$8 million of trade claim. And in the high case
7 about \$11 million.

8 To arrive at the estimate of 1.2 to 1.7 we applied the
9 14 percent recovery that I understand is outlying the Plan.
10 And the 14 percent, multiple that low and high -- low case
11 of 8 and high case of 11 gets you to about the 1.2 to 1.7.

12 Q And so then what is the total amount that Fieldwood
13 needs for its claims reserve based on all these
14 calculations?

15 A Based on all those calculations, the estimated claims
16 reserve is calculated to be 39.4 million to 76.1 million.

17 Q Thank you.

18 Mr. Green, did you also review claims for holders in
19 Class 1 that voted to reject the Plan?

20 A Yes.

21 Q And if I call it the company's rejecting the claimants,
22 will you understand what I mean by that term?

23 A Yes.

24 Q So which companies were rejecting the Plan?

25 A There were seven parties in total. It was Conoco,

1 Burlington, land and exploration, Ecopetrol, Valero, W&T and
2 McMoRan.

3 Q And did you calculate an estimated amount potentially
4 owed to these rejecting claimants?

5 A Yes.

6 Q So, what did you do to calculate this?

7 A Look at each of the claims that were asserted and
8 depending on what the claim was asserted for, made
9 adjustments for the estimate depending on either company
10 books and records or depending on what the claim was
11 asserted for, remove them from the estimate entirely.

12 Q So starting with Valero. I believe we spoke about this
13 a moment ago. But if you could just remind the Court what
14 calculation you determined with respect to Valero?

15 A Yes, for Valero, the amount that was asserted, \$2.1
16 million, was removed in its entirety from the estimate
17 again, because my understanding of the outcome of that claim
18 regardless of what happens, no additional funding will be
19 required to reserve.

20 Q What about Ecopetrol?

21 A Ecopetrol is working interest owner that filed a claim
22 that we had included in the bucket for underlying vendor
23 liens. And so in total that claim was asserted for \$7
24 million.

25 The first adjustment that was made was understanding

1 which of those vendors that make up the claim had trade
2 agreement. And that took that claim from \$7 million
3 asserted down to about \$5.8 million.

4 And then my understanding of the JOA, is that the
5 claims only secured for the Debtor's portion share of the
6 property. And so, applying that proportionate share to the
7 balance of 5.8 million would arise at an estimated value of
8 \$325 million.

9 Q And with respect to the remaining rejecting claimants,
10 what did you do to calculate amounts potentially owed to
11 them?

12 A The remaining other seven -- of the group of seven, the
13 remaining claims were asserted for continuing P&A
14 obligations.

15 As discussed earlier, those amounts were removed in
16 total from the claims adjustment.

17 Q Thank you for your time, Mr. Green.

18 MS. CHOI: No further questions.

19 THE COURT: Mr. Green, on the rejecting claimant
20 amounts, where would I see those on this sheet? Where does
21 the cash part --

22 THE WITNESS: I'm sorry, Your Honor.

23 THE COURT: Where's the cash requirement appear on
24 the sheet that we were looking at? Is it here for the
25 rejected claimants?

1 THE WITNESS: For specifically the rejected
2 claimants, Ecopetrol's amount would be factored into the
3 other secured claims within the range of 4 to \$21 million.

4 And all the rest of the --

5 THE COURT: So that's already -- so the amount
6 that you're talking about for rejected claimants, there was
7 no amount over and above what was already listed in the
8 other amounts?

9 THE WITNESS: That is correct.

10 THE COURT: Okay. I just wanted to -- I couldn't
11 see where it filled in here and if it was incorporated in
12 here, that's fine.

13 All right is there any proponent of the Plan that
14 has any questions for Mr. Green? If so, please press five
15 star one time.

16 (Pause in the proceedings.)

17 THE COURT: All right, is there any party in
18 opposition to confirmation that has any questions for
19 Mr. Green?

20 (Pause in the proceedings.)

21 THE COURT: Mr. Green, thank you. Once again,
22 you're more than welcome -- oh wait, we do have someone.
23 Let me see who we have. Hold on.

24 (Pause in the proceedings.)

25 THE COURT: Mr. Singer?

1 MR. SINGER: Good afternoon, Your Honor. Kelly
2 Singer on behalf of Ecopetrol. I just had a question for
3 the witness and before I get into that, we have -- status
4 update. We have just negotiated consensual language that I
5 thought -- I think resolves Ecopetrol's objection.

6 But some of the testimony has caused me to ask
7 some questions about that, so. If I may ask a question of
8 the witness a couple questions?

9 THE COURT: Of course.

10 CROSS-EXAMINATION OF CLAYTON GREEN

11 BY MR. SINGER:

12 Q Mr. Green, you had testified that you had estimated
13 Ecopetrol's claims to be somewhere around \$3 million based
14 on the value of its working interest, correct?

15 A Yes. Although just to clarify, with respect to the
16 low, high estimates, we've have in there whole range of
17 anything from zero dollars all the way up to the total
18 asserted amounts.

19 Q Okay, so is it your understanding that if the operating
20 agreement associated with Ecopetrol is assumed, that the
21 amount to be paid is whatever the amount that is owed under
22 that agreement? It's not associated with the value of the
23 working interest, correct?

24 A I don't -- my understanding is with respect to the
25 decision, I believe, on the United Maritime matter is in

1 direct connection with the Ecopetrol claim as well.

2 I don't know that I have, honestly an opinion or answer
3 for you on how it's going to turn out. Just enough to say
4 that anywhere from zero dollars to the total asserted
5 amounts are in the claims estimate.

6 Q Okay.

7 MR. SINGER: Your Honor, I don't think I have any
8 other questions.

9 THE COURT: Mr. Singer, thank you. Does any other
10 party have any questions for Mr. Green?

11 (No audible response.)

12 Mr. Green, thank you for attending. You're
13 welcome to stay, it's a public hearing. You're welcome to
14 go about your business.

15 THE WITNESS: Thank you, Your Honor.

16 (Witness is excused.)

17 THE COURT: Ms. Choi, who's going to be the next
18 witness?

19 MR. GENENDER: Your Honor, Paul Genender for the
20 Debtors. Our next witness is J.P. Hanson. However, Your
21 Honor he is not available until 5:00 o'clock. And I
22 apologize for that, but that is just -- he had things he
23 could not move until 5:00 and we didn't know how quickly
24 these witnesses were going to go and what the cross was
25 going to be on them.

1 So I'm open to any ideas as to how to proceed.
2 Other than proceeding at 5:00 o'clock.

3 THE COURT: Is he also your -- is he your last
4 witness?

5 MR. GENENDER: Yes, Your Honor.

6 THE COURT: All right. I'm going to leave your
7 direct case open. And now I'm going to ask if there's
8 anyone that wishes to present any further evidence in
9 support of confirmation knowing that there will still be
10 another witness coming. You'll need to press five star.

11 (Pause in the proceedings.)

12 And now as to any -- there are none. I'm going to
13 show that the cases in chief have rested with the right to
14 still call Mr. Hanson; is that correct?

15 MR. GENENDER: Yes, Your Honor.

16 THE COURT: And I'm not going to ask for the
17 parties that oppose confirmation, you're option. You can
18 proceed right now and call some witnesses or you can wait
19 until after Mr. Hanson. I'm not going to make you go out of
20 order.

21 But if somebody wants to, I'm going to let you go
22 out of order. So I'll just leave it up to each party as to
23 what they wish to do.

24 Why don't you press five star if you want to go
25 now to put on your witnesses?

1 MR. GENENDER: And Your Honor, I forgot to warn
2 Mr. Singer about the one hour rule.

3 THE COURT: Well, I assume he doesn't need his
4 witness any more given that you made a deal with him.
5 But, Mr. Singer, you have your hour's notice if you want it.

6 Mr. Duewall, go ahead.

7 Are you going to call anybody, Mr. Singer, or are
8 you done?

9 MR. SINGER: No, Your Honor, I just wanted to say
10 that I do believe that we do have a resolution on the
11 language so I don't think there's any point for me of
12 calling my witness or pursuing my objection, subject to how
13 things play out here.

14 THE COURT: Thank you.

15 MR. SINGER: But we do have resolution and I
16 believe Ridgewood, Mr. Fishel's client does, as well.

17 THE COURT: Thank you.

18 Mr. Duewall, you've got the floor at this point.
19 I think you have your own line muted though.

20 (Pause in the proceedings.)

21 THE COURT: Well, let me try that again.

22 (Pause in the proceedings.)

23 THE COURT: If there's someone else's line I
24 unmuted, I thought it was Mr. Duewall, but before you talk,
25 Mr. Duewall, is there anyone else that I've already unmutued

1 your line that wishes to address the Court?

2 (Pause in the proceedings.)

3 MR. BAINS: Yes, Your Honor, good afternoon this
4 is Brandon Bains, counsel for Travelers, Liberty Mutual,
5 Hanover, and Excel.

6 I was going to use just a little bit of this time
7 to do a minor housekeeping matter. We had agreed with the
8 Debtors on the admissibility of some exhibits. And we just
9 wanted to offer those as part of the evidence and take care
10 of that while we had a little bit of a lull. If that was
11 okay with the Court.

12 THE COURT: All right, can you identify the
13 exhibits that you think you have a stipulation on?

14 MR. BAINS: Yes, sir. It is Docket 1631 and it's
15 going to be 1631-1 and 1631-2. And those are the bonds and
16 GIA's I believe that Ms. Choi confirmed the stipulation as
17 to admissibility.

18 THE COURT: All right, has the Debtor stipulated
19 to the admission of 1631-1 and -2?

20 MS. CHOI: Erin Choi on behalf of the Debtors.

21 Yes, Your Honor, we stipulate to that.

22 THE COURT: Is there any party that objects to
23 1631 or 2?

24 (No audible response.)

25 THE COURT: Okay, they are both admitted.

1 (ECF 1631-1 and 1632-2 received in evidence.)

2 THE COURT: Mr. Bain, anything else? Thank you.

3 MR. BAINS: No, sir, Your Honor, thank you very
4 much.

5 And thank you, Ms. Choi.

6 THE COURT: Thank you.

7 Mr. Duewall, sorry about the confusion on that. I
8 think you're live now.

9 MR. DUEWALL: Thank you, Your Honor. Can you hear
10 me?

11 THE COURT: I can, thank you.

12 MR. DUEWALL: Would the Court be agreeable to give
13 an estimated five or 10 minutes to make a strategic decision
14 as to whether or not we call our witness now and if we do,
15 to get set up?

16 THE COURT: Sure.

17 MR. DUEWALL: So I can confirm with my other
18 counsel.

19 THE COURT: Yeah, I'll give you time to get set
20 up, too.

21 I've got a couple other people that may be making
22 some elections and let me see what they want to do, but why
23 don't you take some time and we'll just get back to you?

24 MR. DUEWALL: Thank you, Your Honor.

25 THE COURT: Thank you. All right, Mr. Baay, you

1 had pressed your five star, but had apparently pressed it a
2 second time.

3 Press it one more time, please. There we go.

4 Mr. Baay, go ahead, please.

5 MR. BAAY: Thank you, Your Honor.

6 If it will help from a timing standpoint, we are
7 still working with Debtors' Counsel on trying to make an
8 arrangement with respect to our witnesses -- if we can get
9 that hammered out.

10 We would be available to start at 4:00 o'clock.
11 We would have at least three witnesses and I'm sure -- I
12 mean, I would think that they would be pretty much five
13 minutes. So if that will help from everybody's schedule to
14 fill that gap, we're happy to do it if we can start at 4:00.
15 I just need to get them a heads up to everybody, so.

16 THE COURT: I think 4:00 will work fine. I think
17 that works. So, if you can work things out; otherwise,
18 that's fine. Otherwise, you can call your witnesses at 4:00
19 unless we're in the middle of another witness, but sure.

20 MR. BAAY: Maybe if I could get (indiscernible) or
21 not that would be great.

22 THE COURT: Well let's go ahead and get --
23 Mr. Fishel wanted to make an announcement. Let me get him
24 back on.

25 Mr. Fishel, go ahead.

1 MR. FISHEL: Good afternoon, Your Honor, Michael
2 Fishel from Sidley on behalf of Ridgewood and ILX. And I
3 meant to chime in earlier after Mr. Singer, but Ridgewood
4 and ILX also have an agreement with the Debtors. And
5 subject to seeing the Confirmation Order. So I just did
6 want to confirm that.

7 THE COURT: All right. Does anyone else intend to
8 introduce any witnesses at this stage either before or after
9 we hear from Mr. Hanson?

10 (No audible response.)

11 THE COURT: Okay, we're going to come back at 4:00
12 for Mr. Baay and I'm going to wait here for just a minute or
13 two and let's see what Mr. Duewall wants to do.

14 And Mr. Duewall, if you want to wait and make your
15 announcement at 4:00, that's fine as well.

16 Let me go ahead, though, and talk to you-all about
17 the schedule. It's not anything I need to leave sharply
18 for, but I was planning on adjourning around 6:00. So we're
19 not going to go till 8:00.

20 But if we're in the middle of a witness that we
21 can finish, you know, at 6:15 or 6:20, I can make people
22 wait for me.

23 With respect to tomorrow morning, I'm hoping that
24 we will finish the evidence and do closing arguments
25 starting in the morning. And I doubt we have a problem with

1 that given what people are telling me on time.

2 So I would suggest that we start at 9:45 in the
3 morning. And want to know if anyone is going to have a
4 conflict with starting at 9:45 in the morning?

5 (Pause in the proceedings.)

6 MR. PEREZ: That's perfect, Your Honor. Thank
7 you.

8 THE COURT: Let's just stick around a minute until
9 Mr. Duewall can decide what he wants to do. We're taking a
10 break at 3:00 no matter what because I've got another case I
11 need to call. And then we can either call Mr. Duewall's
12 witness a little before 4:00 o'clock or after the
13 5:00 o'clock.

14 Mr. Genender?

15 MR. GENENDER: Your Honor, well what I was going
16 to say I don't want to say if Mr. Duewall is not on.
17 Because it relates to some logistics that he and I were
18 discussing. So I'll just hold my thought.

19 THE COURT: He's back. He's back.

20 MR. DUEWALL: I'm back, Your Honor. I'm happy
21 to -- let's start with Mr. Genender.

22 MR. GENENDER: I think we're still -- I was just
23 going to -- I was just going to say that I understood -- it
24 might make sense for Mr. Duewall and I to speak off line.
25 But I understood as related to Mr. Hanson that Mr. Duewall

1 doesn't have an objection to Mr. Hanson coming in by his
2 Declaration.

3 And that was news to me. Which is okay, welcome
4 news. But if that's the case, I want to -- I'd like to have
5 some guidance if anyone else has an objection to that. So
6 that I can plan accordingly.

7 We probably would have a little bit of live
8 direct, but it would not be very much compared to what it
9 would have been.

10 MR. DUEWALL: That is correct, Your Honor.
11 Mr. Genender and I did conference before the hearing last
12 week and it was our position then and remains now that
13 Mr. Hanson's Declaration was acceptable.

14 There are other parties that have since settled
15 that were objecting to him being brought by Declaration. So
16 I'm happy to confer with Mr. Genender during the break and
17 try to shorten up that presentation as much as possible.

18 I might have a short cross-examination, but I
19 think we can get through that relatively quickly unless
20 someone else is still objecting.

21 THE COURT: Thank you.

22 And I think he said he's also going to have a
23 direct to add on to the Declaration. Just so you -- I'm not
24 sure you heard that.

25 So while you were conferring, Mr. Baay is going to

1 call his witnesses starting at 4:00. Why don't I let you
2 take as much time as you want and you can decide when
3 Mr. Baay is finished with his witnesses, whether you want to
4 proceed or whether you want to do it after Mr. Hanson?

5 I'm not going to work until 8:00 tonight. If we
6 get to a stopping point, you know, around 6:00, we'll then
7 resume tomorrow morning at 9:45 and let all the witnesses
8 finish. At which point, we'll do closing arguments.

9 Does all that fit with your schedule, Mr. Duewall?

10 MR. DUEWALL: Yes, Your Honor. I think starting
11 our witness or coming back and doing it at 4:00 is perfectly
12 all right. I think that works better for us. We've
13 provided language to the Debtors yesterday and then we tried
14 to connect with them many times yesterday.

15 I know we went long. We tried to connect with
16 them and had a short discussion with them this morning. So
17 I think if the parties can continue to -- we'll keep our
18 telephone lines open to work that commercial resolution and
19 maybe there may not be a need for our witness at 4:00. I
20 think -- we're waiting on language back from (indiscernible)
21 and over the break we might be able to make some progress.

22 THE COURT: It's a long break so hopefully you
23 can. I suspect if you put Ms. Hine (phonetic) and
24 Mr. Carlson on the phone, they can work out anything between
25 the two of them.

1 MS. HEYEN: Yes, Your Honor. We've had a
2 conversation with Weil and the secured lenders this morning.
3 They promised that they would get us their proposed language
4 this morning.

5 We're standing by. We're happy to have a further
6 conversation. We're happy to, you know, of course, see the
7 language, but we are waiting on that language.

8 We also understand from the lenders this morning
9 that there has been additional language that has been worked
10 out with the Government. We're also supposed to receive
11 that language so that will help resolve some of the issues
12 for Your Honor and some of the other parties.

13 We have not seen that yet, nor have we seen the
14 Confirmation Order that we were supposed to receive a copy
15 of that this morning as well.

16 So there are some outstanding items I think that
17 would help, you know, streamline this afternoon, this
18 evening. So we're still waiting for their, we're waiting.

19 THE COURT: Great. So look it may make some sense
20 and it's just going to be something you'll have to control
21 because I have no idea how that's going.

22 If you choose to wait until after Mr. Hanson
23 testifies in chief you can then either work things out over
24 night or call your witnesses starting at 9:45 in the
25 morning. So I'm not going to insist you proceed this

1 afternoon.

2 And if you think you're on the cup of getting the
3 lip of the cup of getting something done, then we might as
4 well let you start at 9:45.

5 We'll have a couple of interruptions if we go into
6 the afternoon, but it's -- we will definitely finish closing
7 arguments tomorrow if we start witnesses at 9:45.

8 So I'm just going to let it up to you. And you
9 can surprise me when we're done with Mr. Baay's witnesses at
10 4:00 as to which of those makes the most sense. How's that.

11 MALE SPEAKER: Fine, Your Honor.

12 THE COURT: From --

13 MALE SPEAKER: Your Honor, may I -- oh, I
14 apologize.

15 THE COURT: I've got a couple other people that
16 want to schedule things maybe.

17 From 713-228-4101, who do we have?

18 MR. OKIN: Your Honor, that's Matthew Okin. I was
19 actually just going to chime in and let you know since we're
20 the next hearing, if it helps with scheduling that we're
21 going to be very quick. So if you need more time.

22 THE COURT: I appreciate that, but I think we'll
23 start you on time is what it's looking like, Mr. Okin. Will
24 you be ready on time?

25 MR. OKIN: We'll be ready, but we're probably

1 going to ask you to push us out a week and I'll tell you
2 where we are. But again what I'm saying you don't need to
3 wait until 4:00 to start again.

4 THE COURT: Yeah, no they need to wait until 4:00
5 so I appreciate that. But we'll go ahead and call you on
6 time 3:00 and if you give me some time to breath, that would
7 be a nice way to spend part of today. So thank you.

8 And then Mr. Kuebel had something he wanted to
9 add. Go ahead, Rick.

10 MR. KUEBEL: Good afternoon, Your Honor. We still
11 have our open case on exculpation and releases we had
12 provided some language to the Debtor. Haven't heard back.

13 But the reason I raised my hand that particularly
14 with respect to oral argument tomorrow on closing arguments.
15 We had not seen the Confirmation Order, a draft and even if
16 we are able to get to the right place on our language
17 reservation, still have not seen how it fits in with the
18 balance of the Confirmation Order.

19 And I don't know exactly where the Debtor stands
20 with that, but I think it would be important to all the
21 parties to have an opportunity to review the proposed
22 Confirmation Order in conjunction with and in advance of
23 closing arguments.

24 THE COURT: Or I could sign the official form of
25 Confirmation Order.

1 Hopefully they will get you that so that we have
2 due process. I'll definitely not -- I'm not going to make
3 you consent to things you haven't seen with an opportunity
4 to digest them.

5 It may -- I think we will still start with closing
6 arguments at 9:45. We may just not finish until after
7 you've had a reasonable opportunity to see the Confirmation
8 Order itself.

9 So let's think of those as potentially divisible,
10 but hopefully you'll get a Confirmation Order soon, very
11 soon.

12 In fairness to the Debtors, by the way, because I
13 understand the frustration. I've been there. They've had a
14 lot of moving pieces. So getting a final Confirmation Order
15 is probably pretty hard over the last, you know, 12 hours.

16 But they need to get you one. And they need to
17 get you one with a reasonable opportunity to review it and
18 to digest it before they ask me to sign. So we'll get
19 there.

20 MR. KUEBEL: Thank you, Your Honor.

21 THE COURT: Okay. Unless -- Mr. Genender, you had
22 one other thing you wanted to add to that?

23 MR. GENENDER: Not to that, Your Honor, but in
24 connection with Mr. Hanson's testimony and as a follow on to
25 Mr. Duewall's courtesy about his Declaration.

1 It would be helpful to the Debtors if we -- for
2 the Record his Declaration is Debtor's Exhibit 52,
3 ECF 1620-1. It would be helpful if we knew if anyone had an
4 objection to that coming in. If I can ask that now.

5 THE COURT: Well, why don't you just -- let's just
6 do this in the real way? I'm going to adjourn the hearing
7 at 3:00 until 4:00 and your witness isn't going to be called
8 live until 5:00.

9 You've not called him as a witness. You're
10 offering his Declaration. Let's see if anyone objects to --

11 MR. GENENDER: Thank you, Your Honor.

12 THE COURT: -- 1620-1. Does any one object to
13 1620-1 as coming in as substantive evidence, subject to
14 cross-examination at today's hearing? If so please press
15 five star on your line.

16 (No audible response.)

17 THE COURT: 1620-1 is admitted as substantive
18 evidence at today's hearing.

19 We're now adjourning --

20 (Exhibit 1620-1 is received in evidence.)

21 MR. GENENDER: Thank you Judge.

22 THE COURT: We're adjourning the Fieldwood hearing
23 until 4:00 o'clock. At 4:00 o'clock, Mr. Baay will have the
24 opportunity to call his witnesses. When he is complete with
25 that, if it is before 5:00 by a reasonable period of time,

1 we're then going to give Mr. Duewall the option of either
2 calling his witnesses or waiting until Mr. Hanson.

3 Then Mr. Hanson will be called at 5:00 or upon
4 conclusion of Mr. Duewall's witnesses whichever is correct
5 order given Mr. Duewall's option.

6 And then at that point we're going to adjourn
7 6:00, 6:15 something like. And then we'll resume at 9:45 in
8 the morning. You will not have interruptions prior to
9 lunch, from the 9:45 and then I don't know how long the 1:30
10 Sanchez hearing is, but usually those are long. So we might
11 have to come back in mid afternoon to finish if we're not
12 done with closing arguments.

13 Since I think you've been picking off objecting
14 parties, Mr. Perez, it may be we don't need the same
15 2-1/2 hours for closing that we did for opening. But I'm
16 also not going to cut people off. This is hard and it's
17 complicated and people are going to be allowed to take as
18 much time as they need at closing arguments.

19 So no one needs -- you know, I would appreciate
20 your making closing arguments that are concise. I'm not
21 encouraging the contrary. But no one needs to worry about
22 getting cut off of the hearing.

23 I'm going to hear this until we're done with it
24 and I understand it.

25 MR. PEREZ: And Your Honor, maybe you won't say

1 you haven't seen so many closing arguments before.

2 THE COURT: I never had seen that many opening
3 arguments. It was an Isgur record. I'm sure it's not a
4 real record. But it's an Isgur record. But we'll see what
5 happens.

6 MALE SPEAKER: And, Your Honor, we're all glad to
7 know that Mr. Perez is going to make us work until midnight
8 tonight.

9 THE COURT: What happens at midnight?

10 MALE SPEAKER: I said we're glad to know that
11 Mr. Perez is going to make us work until midnight tonight
12 like he almost did last night.

13 THE COURT: Well if you don't get the damn
14 confirmation out, you don't get to go to sleep at midnight.

15 (Pause in the proceedings.)

16 THE COURT: All right, we're adjourning for three
17 minutes. At 3:00 o'clock, we will call Mr. Okin's case.

18 Thank you.

19 MR. PEREZ: Thank you, Your Honor.

20 (Recess taken from 2:56 p.m. to 3:59 p.m.)

21 AFTER RECESS

22 THE COURT: All right. We're going to go back on
23 the Record in the Fieldwood case.

24 Mr. Baay.

25 MR. BAAY: (No audible response)

1 THE COURT: Mr. Baay.

2 MR. BAAY: Can you hear me?

3 THE COURT: I can. Thank you.

4 MR. BAAY: Thank you, Your Honor. During the
5 break, we have worked out an agreement with Debtors' counsel
6 to adjourn our particular discreet issue for a hearing at a
7 separate date over the next couple of weeks. So we are not
8 going to call our witnesses at this time and we'll reserve
9 our evidence until that hearing.

10 THE COURT: And what about your confirmation
11 objection?

12 MR. BAAY: We are withdrawing our confirmation
13 objection subject to a hearing, Your Honor. So we are not
14 going to object to confirmation as long as we get a hearing
15 on our issue, and the Court can decide our issue and we will
16 let the chips fall where they may.

17 THE COURT: That's fine, Mr. Baay.

18 MR. PEREZ: So, Your Honor, --

19 THE COURT: Mr. Perez, go ahead.

20 MR. PEREZ: Yeah. Just to give it a little bit of
21 context, Your Honor, as the Court is aware, several months
22 ago you heard the dispute as to the Oarie (phonetic). And
23 so I think our agreement is that we will endeavor to get
24 that dispute resolved before the Plan goes effective. And
25 determining on how the Court rules, then with respect to the

1 operating agreement it'll be either assumed or rejected,
2 depending on the Court's ruling. So what we would need to
3 do is to get a date certain from the Court, you know, early,
4 you know, certainly by the 15th of July, if possible, to get
5 a -- so that we can have some definition on that before we
6 go effective.

7 THE COURT: Okay. Mr. Baay and Mr. Perez, are you
8 all available July the 8th at 1:30 in the afternoon?

9 MR. PEREZ: Should ask Ms. Choi and Mr. Carlson
10 but I suspect they are.

11 THE COURT: I suspect they just became free with
12 that statement. Mr. Baay, how about you?

13 MR. BAAY: That one's good for me. I will
14 hopefully by -- our witnesses are available, that's a good
15 date for me --

16 THE COURT: Okay. If you guys have witness
17 availability problems or seriously if Weil Gotshal doesn't
18 have enough lawyers to attend the hearing, whatever comes
19 up, we'll move it to another day. But let me give you that
20 day and then you all can contact Ms. Do if you need to move
21 it.

22 MR. PEREZ: All right. And we'll -- I will -- and
23 we'll work together with -- and Mr. Baay to figure out what
24 additional pleadings need to be filed so that we can frame
25 the issues. I think the Court got a flavor for it last time

1 but we will do that as well.

2 THE COURT: All right. Thank you. Ms. Heyen or
3 Mr. Duewall. I'm not sure who that is.

4 MR. DUEWALL: Thank you, Your Honor. It is Craig
5 Duewall on behalf of BP reporting back to the Court. Our
6 phone lines remain open but no comments or language has yet
7 been received. We are, however, prepared to go forward with
8 our witness at this time in order to try to make a push to
9 get this finished today. So that is our Plan.

10 One housekeeping matter before we get there is
11 that before we broke, during the last break we were
12 discussing Exhibit 1620-1, which is the Declaration of
13 Mr. Hanson. I must admit, Your Honor, I didn't realize I
14 didn't have it front of me that attached to that Declaration
15 were his two expert reports, and we had admitted those
16 yesterday as demonstratives, and just wanted to confirm with
17 the Court that we were -- that they were manning -- were
18 continuing to be admitted only for demonstrative purposes.
19 Otherwise, I don't have an objection to the 1620-1 that we
20 were discussing previously.

21 THE COURT: And, Mr. Genender, I think that was
22 you that was handling that, don't have your line active. I
23 just need you to confirm that that was the admission that
24 you were offering. Can you -- there we go. Mister --

25 MR. GENENDER: Yes, Your Honor, to the extent

1 there was any ambiguity, we agree with Mr. Duewall's
2 clarification, that's fine that those are -- the attachments
3 are in for demonstratives, but what is testimony and
4 admitted evidence are the actual texts, the text of the
5 Declaration, the seven or eight pages of the document.

6 Thank you, Judge.

7 THE COURT: Thank you.

8 And thank you for the clarification, Mr. Duewall.

9 All right, Mr. Duewall, who's going to be your
10 witness?

11 MR. DUEWALL: Thank you, Your Honor. My colleague
12 will present this witness on Direct.

13 THE COURT: All right. Thank you.

14 MR. HUTTON: Yeah, thank you, Your Honor, John
15 Hutton from Greenberg Traurig. And, Your Honor, on behalf
16 of BP, Your Honor, we're going to call our first witness who
17 is Adriana Bonjour.

18 THE COURT: All right.

19 MR. HUTTON: I think perhaps we need a minute to
20 have her set up. Okay, there we go.

21 THE COURT: Ms. Bonjour, good afternoon.

22 Ms. Bonjour, can I get you to press five, star on
23 your phone, please, Ms. Bonjour, or whoever's there in the
24 meeting with you? There we go.

25 Good afternoon.

ADRIANA BONJOUR - DIRECT BY MR. HUTTON

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1 MS. BONJOUR: Can you hear me?

2 THE COURT: Would you raise your hand for me,
3 please?

4 (Witness sworn.)

5 THE WITNESS: Yes. I do.

6 THE COURT: Thank you. All right, --

7 MR. HUTTON: Okay.

8 THE COURT: -- let's go ahead and proceed.

9 MR. HUTTON: Okay.

10 DIRECT EXAMINATION OF ADRIANA BONJOUR

11 BY MR. HUTTON:

12 Q Please state your name for the Record.

13 A My name is Adriana Bonjour.

14 Q And, Ms. Bonjour, by whom are you employed?

15 A I'm employed by BP Exploration and Production.

16 Q Okay. And what is your what is your position with BP
17 (glitch in the audio) --

18 THE COURT: I can't hear you, sir.

19 THE WITNESS: Sorry, --

20 THE COURT: Hold on.

21 THE WITNESS: Sorry, it didn't come through.

22 THE COURT: Yeah.

23 MR. HUTTON: It didn't come through.

24 BY MR. HUTTON:

25 Q Ms. Bonjour, what is your position with BP? I'm just

1 shortening it to "BP."

2 A My position at BP is senior controller.

3 Q And how long have you worked as senior controller for
4 BP?

5 A I've been a senior controller for BP for five years, at
6 BP for a total of 15 years in controller roles. Before
7 that, I was an auditor and in public accounting for ten
8 years, and I'm a CPA.

9 Q Okay. Thank you. Ms. Bonjour, do you hold any
10 certifications?

11 A I'm sorry, it's hard to hear.

12 Q I'm sorry, you --

13 THE COURT: Yeah. I just --

14 Q -- do you hold any certifications?

15 THE COURT: I'm going to interrupt you both for a
16 minute. Let's take a minute and get both your sound working
17 because you're both coming through really poorly. Can we
18 get your microphone moved closer to you, please,
19 Ms. Bonjour?

20 MR. HUTTON: Okay. Your Honor, is this better?

21 THE COURT: No.

22 THE WITNESS: Is this better?

23 THE COURT: Let's do this one at a time.
24 Ms. Bonjour, let's get yours squared away first.

25 THE WITNESS: Can you hear me okay now?

1 THE COURT: That is better, thank you. And now
2 let's go to Greenberg.

3 MR. HUTTON: Okay. What about now, Your Honor, is
4 this clear?

5 THE COURT: It is.

6 MR. HUTTON: Can you hear okay?

7 THE COURT: Why don't you sit up and let's just
8 see if we can hear you in a -- we ought to be able to hear
9 you normally. I mean, try it now.

10 MR. HUTTON: Okay. Testing again.

11 THE COURT: Yeah, that seems better. Let's go
12 ahead then. And --

13 MR. HUTTON: Okay.

14 THE COURT: -- if you all can't hear each other,
15 it's essential that you tell each other you can't understand
16 it, by the way, and we'll just take the time to get it
17 fixed. I don't want you all to get too frustrated about
18 this because I'm not going to get frustrated with a COVID
19 technology problem. We'll just -- patience is the only
20 thing I've learned in the last 18 months, so take your time
21 and let's get it right.

22 MR. HUTTON: Thank you, Your Honor, and I
23 appreciate that.

24 BY MR. HUTTON:

25 Q Ms. Bonjour, what are your responsibilities as senior

1 controller at BP?

2 A As senior controller at BP, it's my job to ensure that
3 the financial statements are represented fairly and reflect
4 the business transactions. And I'm also responsible for
5 ensuring a sound control environment.

6 Q Okay. Does your role as senior controller at BP
7 involve reporting on transactions based upon agreements with
8 Fieldwood Energy, LLC?

9 A Yes, under my remit (phonetic), I'm responsible for
10 reviewing the agreements between Fieldwood and BP to ensure
11 that they're reported accurately in financial statements.

12 Q Ms. Bonjour, are you familiar with the Purchase and
13 Sale Agreement with Fieldwood Energy, LLC and BP Exploration
14 and Production, Inc. --

15 THE COURT: I couldn't understand --

16 Q -- dated May --

17 THE COURT: I can't understand you.

18 Q Ms. Bonjour, are you familiar with the Purchase and
19 Sale Agreement by and between Fieldwood --

20 THE COURT: No, that's worse. Let's just --

21 MR. HUTTON: Okay.

22 THE COURT: It may be you just have a bad line
23 calling in. I don't know. But let's take a moment, let's
24 get it right because it's not right. And I know you want it
25 right more than I do so let's just take a moment, let's get

1 your tech people there to fix it, or just redial it --

2 MR. HUTTON: Okay.

3 THE COURT: -- that because it's a bad connection.

4 MR. HUTTON: Okay. All right. Your Honor, I
5 think we're going to try to dial back in.

6 (Pause from 4:08 p.m. to 4:09 p.m.)

7 THE COURT: Mr. Genender, I am also picking up
8 noise from your line. I'm not sure where that's coming
9 from.

10 MR. GENENDER: Okay. I'm in the same room as
11 Ms. Choi who's going to be handling objections for this
12 witness so I can't -- it's coming from -- we'll --

13 THE COURT: Okay. Well I need you all to stop --

14 MR. GENENDER: Did it stop?

15 THE COURT: -- moving papers and stuff.

16 MR. GENENDER: We'll do it.

17 THE COURT: Thank you.

18 MR. GENENDER: Okay.

19 (Pause in the proceeding.)

20 THE COURT: All right. Let's try that again then.

21 MR. HUTTON: Okay, Your Honor, this is John
22 Hutton. I dialed back in. I don't know if -- hopefully the
23 connection's better now.

24 THE COURT: I think it is. Let's try it.

25 MR. HUTTON: Okay.

1 BY MR. HUTTON:

2 Q Ms. Bonjour, are you familiar with the Purchase and
3 Sale Agreement by and between Fieldwood Energy, LLC and BP
4 Exploration and Production, Inc. dated May 17th of 2019
5 which appears as BP Exhibit 27?

6 MR. HUTTON: And for Your Honor, that's Docket
7 Entry 1607-27.

8 A Yes, I am.

9 MR. HUTTON: And actually we'll -- this is a
10 highly confidential document so we're not going to put up on
11 the screen. Will you take it down? Oh, okay.

12 Q Ms. Bonjour, are you familiar with that document?

13 A Yes, I am.

14 Q Okay. Are you also familiar with the cash
15 consideration exchange agreement by and between Fieldwood
16 Energy, LLC and BP Production -- Exploration Production,
17 Inc. dated -- well, relating to the Mississippi Block Canyon
18 562 dated October 15th of 2018, which we refer to as the
19 Isabella PSA and which appears as BP Exhibit 28?

20 MR. HUTTON: And, Your Honor, that is Docket Entry
21 1607-28.

22 A Yes, I am.

23 Q Okay. And, Ms. Bonjour, how did you become familiar
24 with the MC519 PSA and the Isabella PSA?

25 A In my role, it's my responsibility to review those when

1 they're signed to look at the transactions to make sure that
2 they're recorded properly in the financial statement.

3 Q Okay. And are you familiar with the payment terms of
4 the MC519 PSA, including Section 3.1 of that agreement?

5 A Yes, I am.

6 Q And, Ms. Bonjour, what are those payment terms?

7 A So in that agreement, Fieldwood agreed, among other
8 things, to pay \$30 million to BP upon the completion of the
9 Genovesa well, and with payment remitted within 180 days of
10 production.

11 Q And when was the Genovesa well brought online?

12 THE COURT: I didn't hear that, I'm sorry.

13 A On the 27th.

14 THE COURT: I just didn't hear it.

15 Q When was the Genovesa well brought online?

16 THE COURT: I didn't hear it.

17 A March 27th --

18 THE COURT: Sorry.

19 Q Ms. Bonjour, when was the Genovesa well brought online?

20 A March 27th, 2021.

21 Q And when did the \$30 million obligation become payable
22 and owing?

23 MS. CHOI: Objection, Your Honor. That calls for
24 a legal conclusion.

25 THE COURT: Sustained.

1 BY MR. HUTTON:

2 Q Your -- Ms. Bonjour, when, for purposes of accounting,
3 do you treat this as a matured obligation?

4 A So under IRS accounting rules, it is a contingent
5 receivable upon signing that's due and payable when the well
6 is completed, which would have been March 27th, 2021.

7 THE COURT: I'm going to --

8 Q And --

9 THE COURT: I'm going to strike the latter part of
10 the answer. That went beyond your question and it resulted
11 in a legal conclusion.

12 Q Ms. Bonjour, for accounting purposes, is the \$30
13 million obligation a matured obligation?

14 A For accounting purposes, yes.

15 Q Was the \$30 million obligation a contingent obligation
16 at the time the MC519 PSA was signed, for accounting
17 purposes?

18 A Yes. It was a contingent receivable when the agreement
19 was signed.

20 Q Has Fieldwood made any (glitch in the audio) on the
21 MC519 -- on the \$30 million obligation contained in the
22 MC519 PSA?

23 A No.

24 Q Ms. Bonjour, are you also familiar with the payment
25 terms of the Isabella PSA, including Section 3.1 of that

1 agreement?

2 A Yes, I am.

3 Q Okay. What are the payment terms on the Isabella PSA?

4 MS. CHOI: Objection, Your Honor, calls for a
5 legal conclusion.

6 MR. HUTTON: Your Honor, I'm not asking for a
7 legal conclusion. She is a senior controller at BP,
8 responsible for reporting and recording the transactions
9 between BP and Fieldwood and the books and record and the
10 financial statements of BP, and in that capacity she has
11 testified that she has responsibility for reviewing
12 agreements and for reporting them accurately. And I think
13 given her experience and her role, it is appropriate for her
14 to provide testimony regarding these transactions.

15 THE COURT: Sustain the objection.

16 BY MR. HUTTON:

17 Q Ms. Bonjour, as a senior controller for BP, when did
18 the receivable due to BP under the Isabella PSA?

19 A Under the Isabella PSA, we recorded the liability when
20 the agreement was signed in 2018 for \$66 million.

21 Q And what is the remaining obligation due under the
22 Isabella PSA from BP to Fieldwood?

23 A As of today, there's 12.7 million remaining to be paid.

24 Q Are the parties to the MC519 PSA and Isabella PSA the
25 same?

1 A Yes, Fieldwood and BP.

2 Q In your review of transactions between BP and
3 Fieldwood, have the parties ever netted out amounts due from
4 one against amounts due to the other?

5 A Yes. In the normal course of business, various
6 transactions will arise net one between the other.

7 Q And can you please provide some examples of that?

8 A Sure. One of the first examples I have is we submit
9 invoices to Fieldwood for payment, and under the agreement,
10 Fieldwood paid a hundred percent of that. If there are any
11 questions about what's on the invoice for the agreements say
12 that we would discuss that after payment --

13 MR. SPEAKER: Kesha, --

14 A -- and then decide how to --

15 MS. CHOI: Your Honor?

16 A -- payment (glitch in the audio)

17 MS. CHOI: Sorry. I'm having trouble hearing the
18 witness, she's breaking up. And also I think there may have
19 been a legal conclusion in there. But I'm having trouble
20 hearing, it's breaking up.

21 THE COURT: I am, too. I am, too. Is there a
22 reason why we can't put the phone right near you,
23 Ms. Bonjour?

24 THE WITNESS: Right -- I've got it right here
25 close to me.

1 THE COURT: When you picked it up there it was
2 sure a lot more clear. Let's -- I hate to have you hold it
3 but --

4 THE WITNESS: I need to hold it up. Okay. I'll
5 do my best. I can hold it here. Is this better?

6 THE COURT: It is better. I hate to have you hold
7 it. You want to maybe --

8 THE WITNESS: Okay.

9 THE COURT: -- put it on top --

10 THE WITNESS: All right. That's okay.

11 THE COURT: -- of a book or something like that?
12 Because it -- I don't need to inconvenience you either while
13 we're doing this but we get -- we do have to hear you
14 better.

15 THE WITNESS: Okay. Here we go. I'll hold it up.
16 Is this better?

17 THE COURT: We'll try it, we'll try it. So I'm
18 going to --

19 THE WITNESS: Okay.

20 THE COURT: -- whatever that answer was, I had
21 trouble hearing it as well, I'm going to ask that we re-ask
22 the question, we'll redo the answer, and the prior answer
23 will not be recorded for -- in my notes or for the record so
24 that we can get an answer that we can all hear.

25 MR. HUTTON: Okay. Thank you, Your Honor.

1 THE COURT: You remember the question, you can re-
2 give the answer, or else he can re-ask the question,
3 Ms. Bonjour, whatever's most convenient for you.

4 THE WITNESS: Please re-ask the question.

5 MR. HUTTON: Certainly.

6 BY MR. HUTTON:

7 Q Ms. Bonjour, in your review of transactions between BP
8 and Fieldwood, have the parties ever netted out amounts due
9 from one against amounts due to the other?

10 A Yes. In the normal course of business we have netted
11 amounts out between each other.

12 Q Okay. And can you please provide some examples of
13 that?

14 A Sure. We submit invoices to Fieldwood for payment, and
15 where there are questions that Fieldwood has, they are to
16 pay the invoice in full, we discuss any questions they have,
17 and agree how to remit the payment back. And many times, if
18 there was a valid refund that was due, we would go ahead and
19 net it against the next jib, "jib" being invoice.

20 Q Any other examples?

21 A Sure. Another example was when Fieldwood elected to
22 participate in an exploration well last year; then, after
23 work commenced, they decided to back out and we allowed
24 that. And so they were obligated to pay their share of
25 expenses up to that time. An agreement was made to forego

1 that and let them not pay, and we allowed them to net that
2 against their invoice.

3 And then another example is one that I -- is when BP
4 still owned an interest, working interest in the MC519
5 assets, where BP would invoice Fieldwood as the operator,
6 Fieldwood would then pay that in full and then bill BP for
7 its working interest share in the MC519 well. In September
8 of 2018, Fieldwood asked if we could begin to net those,
9 although they're separate agreements. We responded by
10 saying we had just put in a new accounting system, can we
11 pick it up in January of 2019 to discuss netting. And
12 Fieldwood went ahead and began to start netting in October,
13 which continued until we sold our working interest in those
14 wells in May of 2019.

15 MR. HUTTON: Okay. Thank you, Ms. Bonjour. No
16 further questions at this time, Your Honor.

17 THE COURT: Thank you.

18 Any Cross-Examination, Ms. Choi?

19 MS. CHOI: Yes, Your Honor. Erin Choi on behalf
20 of the Debtors.

21 CROSS-EXAMINATION OF ADRIANA BONJOUR

22 BY MS. CHOI:

23 Q Ms. Bonjour, isn't it the case that there were delays
24 in BP's part in paying undisputed jibs to Fieldwood?

25 A Can you repeat the question?

1 Q Yes. I said, Ms. Bonjour, isn't it the case that there
2 were delays on BP's part in paying undisputed jibs to
3 Fieldwood?

4 A Which specific jibs?

5 Q In connection with the Isabella agreement.

6 A In connection with the Isabella agreement, no, I don't
7 recall anything with Isabella agreement with unpaid or late
8 jib.

9 Q In 2019, isn't it the case that there were delays on
10 BP's part in paying undisputed jibs to Fieldwood?

11 A I think you're referring to the MC519 assets, which is
12 separate from the Isabella. And on those, that is when
13 Fieldwood began to net and we asked -- the amounts do not
14 calculate properly so we would ask for information in order
15 to substantiate the amount that they had billed. So there
16 were some delays on both sides.

17 Q But there were delays on BP's part in paying those jibs
18 to Fieldwood; isn't that right?

19 A Yes. As we worked --

20 Q Yes.

21 A -- through how they were netting the jibs.

22 Q Isn't it the case that BP outsources its accounting
23 services?

24 A Yes, partially.

25 Q And isn't it the case that there were delays in upwards

1 of a year in fact in BP paying Fieldwood the money owed
2 under the agreements that we were just discussing?

3 A No. There was a final settlement statement. Are you
4 referring to the final settlement statement? Because there
5 were no delays of up to a year for regular invoices.

6 Q There were delays up to nine months.

7 A It's possible nine months. I don't recall exactly
8 without knowing the specific invoices that you're referring
9 to.

10 Q And this was money that Fieldwood had essentially
11 loaned to BP; isn't that right?

12 A Not the way -- I don't see it that way. I don't know
13 which invoices you're speaking of specifically.

14 Q Because Fieldwood had paid BP's share for these wells
15 during this time; isn't that right?

16 A We were getting delays on payment from Fieldwood as
17 well during that time so it's hard to say that we were
18 loaning them money when there was a lot of delays in
19 payments on both sides.

20 Q The BP payments that were delayed, isn't it true that
21 at a certain point Fieldwood tried to net what it owed BP
22 against what BP owed Fieldwood?

23 A Fieldwood began netting way before that happened. We
24 were current up until that point. And then Fieldwood began
25 to net and the calculation did not add up, so then there

1 were delays on both sides where BP said, Fieldwood, you
2 haven't paid us for the full amount, and then Fieldwood
3 said, you're not paying us for that money that we couldn't
4 get the calculation for. So it was on both sides.

5 Q Isn't it true, though, that BP objected to netting and
6 didn't agree to it?

7 A No. What BP said is the agreements do not allow
8 netting and if they would live -- let us speak about it in
9 January, because we had just input a new accounting system
10 in September of 2018, we responded and said, can we have a
11 conversation in January, 2019 to let us talk to our legal
12 team, as well as to kind of settle out our accounting
13 system.

14 Q Ms. Bonjour, there's a difference between netting and
15 credit, would you agree?

16 A That's the difference, yeah, yes.

17 Q And in this case, there is a disagreement about
18 netting; is that your testimony?

19 A There was a disagreement about the netting, yeah, two
20 different invoices from two different agreements.

21 MS. CHOI: Excuse me, one moment.

22 Q Ms. Bonjour, there was not in fact a course of dealing
23 on netting, was there?

24 THE COURT: I'm sorry, I didn't hear. There --

25 A Can you repeat that?

1 THE COURT: -- was not a what on netting?

2 Ms. Choi, I just didn't hear the word.

3 Q There was not a course of dealing between these parties
4 with respect to netting, was there?

5 A I'm sorry, I don't understand the question, there was
6 not a course of dealing. Can you repeat the question or
7 restate it?

8 Q Ms. Bonjour, in your testimony you testified that there
9 was in the normal course some kind of netting that happened.
10 But it is not the case that there was in fact a course of
11 dealing between these parties respect to netting, was there?

12 A Yes, there was plenty of times where we received
13 payment from Fieldwood on invoices where items were netted
14 out. That was per course of business the way it's been for
15 as long as we've been in business with Fieldwood.

16 Q But there were no disagreements, were there or were
17 they?

18 A There were conversations. I don't know if I would call
19 them disagreements but there are conversations when
20 Fieldwood asked to begin to net two separate agreements
21 against each other where BP said, that's not allowed, we can
22 talk about it in a couple months, give us some time, and
23 then netting happened anyway. So I don't know if I would
24 call that a disagreement as much as I would call it let's
25 have a conversation, but Fieldwood went ahead and net anyway

1 without letting us have that conversation. So if that's the
2 disagreement, then yes.

3 MS. CHOI: No further questions.

4 THE COURT: Thank you.

5 Any follow-up?

6 MR. HUTTON: No Redirect, Your Honor.

7 THE COURT: Thank you.

8 Ms. Bonjour, sorry it was so hard to do it, but
9 once we got it going it seemed to work well. Thank you for
10 coming today. If you want to stay for the balance of the
11 hearing, it's a public courtroom; otherwise, you're free to
12 go about your business.

13 THE WITNESS: All right. Thank you so much.

14 THE COURT: Thank you.

15 (Witness excused.)

16 MR. DUEWALL: Your Honor, Ms. Bonjour is our only
17 witness, so I suppose we stand in recess until 5:00.

18 THE COURT: All right. Let me just be sure so
19 that we are at least being reasonably efficient about this.
20 Is there any other party that has any other witnesses that
21 they want to introduce at today's hearing, besides the one
22 witness we know that we're going to get from the Debtor,
23 Mr. Hanson?

24 (No audible response)

25 THE COURT: All right. I'm going to show that all

1 opponents to confirmation have now rested their case in
2 chief. Subject to rebuttal, the last witness will be
3 Mr. Hanson. And we'll -- do we have an update on when he'll
4 be available, Mr. Genender?

5 MR. GENENDER: Your Honor, Paul Genender. I've
6 been checking with him and the latest I've heard is not
7 before 5:00 but at 5:00. And so that's the best I have.
8 I --

9 THE COURT: That's fine. I don't have a problem
10 with that if -- but I didn't want him just cooling his heels
11 for 20 minutes either. So we'll come back at 5:00 and we'll
12 call the case at 5:00. We'll adjourn until then.

13 MR. GENENDER: Thank you, Judge.

14 THE COURT: Thank you.

15 (Recess taken from 4:27 p.m. to 5:03 p.m.)

16 AFTER RECESS

17 THE COURT: All right. We're going back on the
18 Record in the Fieldwood case. If I could get Mr. Hanson,
19 please, to press five, star on his phone, we'll get him
20 recognized, as well as counsel that wishes to examine him,
21 and anyone else that wants their line enabled.

22 Mr. Hanson, do we have you there? Good afternoon.

23 MR. HANSON: Hello, Your Honor.

24 THE COURT: Afternoon. Mr. Genender, I think I've
25 got your line down. And Mr. Zuber wants his line activated

1 as well. Mr. Zuber, good afternoon.

2 MR. ZUBER: Good afternoon, Your Honor.

3 THE COURT: All right. Are we ready to proceed?

4 MR. GENENDER: Yes, Your Honor. May I proceed?

5 THE COURT: All right, Mister --

6 MR. GENENDER: Oh, I guess he needs to be -- yes,

7 all right.

8 THE COURT: Thank you.

9 MR. GENENDER: My questions won't do a lot before
10 you swear him in so thank you, Judge.

11 (Witness sworn.)

12 THE COURT: Thanks, Mr. Hanson. Go ahead, please,
13 Mr. Genender.

14 MR. GENENDER: Thank you, Your Honor. Paul
15 Genender, Weil, Gotshal, and Manges for the Debtors. Good
16 afternoon, Mr. Hanson.

17 THE WITNESS: Hello, Mr. Genender.

18 DIRECT EXAMINATION OF JOHN-PAUL HANSON

19 BY MR. GENENDER:

20 Q Could you please state your full name for the Record?

21 A Yeah. It's John-Paul, J-O-H-N hyphen P-A-U-L, Hanson,
22 H-A-N-S-O-N.

23 Q Mr. Hanson, you understand that the Declaration that
24 you prepared and filed -- and was filed as of June 13th,
25 2021, at Debtors' Exhibit 52, the eight-page Declaration,

1 has already been admitted into evidence as your testimony;
2 are you aware of that?

3 A Yes. That's my understanding.

4 Q Okay. And that the reports that you prepared that were
5 attached to that Declaration as Exhibits 1 and 2 are
6 admitted for demonstrative purposes only; are you aware of
7 that?

8 A Yes, I'm aware of that.

9 Q And are you also aware that Debtors' Exhibit 107, which
10 is ECF 1625-31, is also admitted for demonstrative purposes?

11 A That's my understanding as well.

12 Q Okay. And those are the -- those are that -- that's
13 the universe of documents I'm going to reference in my short
14 direct, supplementary direct of you, okay?

15 A Okay.

16 Q As it relates to Exhibits 1 and 2 to your Declaration,
17 do those documents fairly and accurately reflect your
18 opinions that you're offering on valuation in this case?

19 A Yes, they do.

20 MR. GENENDER: And if we can put up Debtors'
21 Exhibit 107 on the screen, Your Honor, would you mind to
22 make Mr. Miller, Ron Miller, share the screen with him,
23 please? Or make him the presenter I should say.

24 THE COURT: I am doing that right now.

25 MR. GENENDER: I should know how to say that --

1 THE COURT: All right.

2 MR. GENENDER: I should know how to say that,
3 Judge, by now.

4 THE COURT: One day. You're getting old, hard to
5 remember those things. Mr. Miller now has the presenter
6 role.

7 MR. GENENDER: Thank you, Judge. Mr. Hanson, if
8 we can go to the second page, I'm going to walk through this
9 briefly.

10 BY MR. GENENDER:

11 Q Second page of demonstrative Debtors' Exhibit 107,
12 entitled: "Key Assumptions;" do you see that?

13 A Yes, I do.

14 Q Okay. And what's the significance, Mr. Hanson, of
15 relying on the midyear 2020 database as opposed to the
16 yearend 2020 database?

17 A When we first formulated the valuation opinions, the
18 yearend database was not yet complete and it had not been
19 audited by the third party auditor, Ryder Scott. And so
20 what we did was utilized the midyear 2020 report, we rolled
21 forward production, applied the forecasted expenses to that,
22 and ran it at the then-appropriate commodity price strip or
23 forward curves as of March 5th, and provided our valuation,
24 draft valuation opinions at that time. Subsequent to
25 working on those drafts, the company and its auditors

1 finalized the yearend reserve report. We reviewed that
2 yearend reserve report, did a compare and contrast to ensure
3 that the conclusions of valuation wouldn't be materially
4 impacted. They in fact were not and so we continued to rely
5 upon the midyear report only because the basis of our work
6 had been conducted in that database file and the yearend
7 report was not materially different than our roll forward.

8 MR. GENENDER: Thank you. If we can turn to the
9 third page of the demonstrative.

10 BY MR. GENENDER:

11 Q Mr. Hanson, does this page fairly and accurately
12 summarize your valuation conclusions?

13 A Yes, it does.

14 Q All right. Can you explain to the Court why you used
15 certain of the valuation methodologies for certain of the
16 entities and not for others? If I could ask it that way.

17 A In an ideal scenario we would have utilized all of the
18 methodologies for each of the entities. However, only
19 select methodologies for Fieldwood One, Fieldwood Three, and
20 Fieldwood Four were in fact applicable. NewCo, or Credit
21 Bid Purchaser, however you would like to term it, we were
22 able to utilize all three methodologies because it is a
23 going concern.

24 There are not only relevant underlying assumptions
25 against which we can apply the net asset valuation

1 methodology but also precedent transactions that are
2 relevant, as well as publicly traded comparable companies.
3 For Fieldwood One, we were able to utilize the net asset
4 value, or NAV, approach methodology. And there are a couple
5 of precedent transactions that we were able to utilize
6 because there were some -- a couple of comparable
7 transactions with heavy weighting on P and A.

8 But for Fieldwood Three and Fieldwood Four, there
9 really are no comparable transactions and no public trading
10 comps for any of Fieldwood One, Fieldwood Three, or
11 Fieldwood Four as none of those three entities are going
12 concerns. And Fieldwood Three and Fieldwood Four do not
13 contain any producing assets.

14 Q Thank you. In terms of where you weighted for net
15 asset value 70 percent for NewCo and for Fieldwood One, can
16 you walk the Court through your judgment in arriving at that
17 weighting?

18 A It is fairly typical for oil and gas valuation experts
19 to rely upon the net asset valuation methodology greater
20 than the other methodologies. The oil and gas assets are of
21 their own right, they're all bespoke (phonetic). There is
22 no -- and, you know, a hundred percent comparable asset one
23 from the other, there is no hundred percent comparable
24 operating Plan or development Plan from one company to the
25 next.

1 And so it is typical that there would be a heavier
2 weighting on the net asset valuation methodology relative to
3 the two other methodologies, particularly when you're
4 dealing with offshore oil and gas in conventional reserves.
5 That is even more the case, and particularly where there's a
6 limited subset of precedent transactions or publicly traded
7 comparable companies. As a result, where a typical range of
8 weighting would be between 50 and 70 percent on the NAV
9 relative to the other methodologies, we went at the high end
10 of that typical practitioner's range at 70 percent, given
11 the very cost of a bespoke nature of these assets and the
12 lack of comparability in operating and development Plan for
13 Fieldwood -- for NewCo or Fieldwood One, Fieldwood Three,
14 and Fieldwood Four relative to other companies.

15 Q Thank you. Mr. Hanson, referring to pages four and
16 five of Exhibit Demonstrative 107, do those reflect the
17 detail that you used that -- your detail in connection with
18 your net asset value opinions for NewCo and Fieldwood One
19 respectively?

20 A Well, I would say that this is a summary buildup.
21 There obviously is a lot more detailed work that went into
22 it but this is a summary buildup to the NAV for each of
23 NewCo and Fieldwood One, yes.

24 Q And are these opinions net of ARO, Asset Retirement
25 Obligations?

1 A Yes. They are inclusive, they incorporate the ARO
2 liabilities.

3 Q Thank you. Did you also opine on residual
4 distributable value in connection with your work?

5 A Yes, I did.

6 Q And did you do that -- for which of the entities did
7 you do that for?

8 A Well, ideally we would have done it for each of
9 Fieldwood One, Fieldwood Three, and Fieldwood Four.
10 Basically the residual distributable value is a means of
11 valuing the membership interests that will be owned or held
12 by the unsecured creditors.

13 It really is an option value. However, at this stage,
14 given that the midpoint valuation for each of Fieldwood One,
15 Fieldwood Three, and Fieldwood Four is negative, and
16 Fieldwood Three and Fieldwood Four, given that they have no
17 producing assets, they have no inherent positive value.

18 And so while ideally Fieldwood Three and Fieldwood Four
19 would have been contributors to that residual distributable
20 value, the reality is that a hundred percent of this value
21 came from Fieldwood One in an option value context.

22 Q And on the screen is page seven of the demonstrative
23 Debtors' 107; what does that reflect in connection with your
24 residual distributable value analysis?

25 A Well, as mentioned, the residual distributable value

1 really is option value given at the midpoint for each of the
2 three entities. The midpoint valuation is negative. So
3 what the reason there is option value, however, in Fieldwood
4 One is because under certain commodity priced circumstances,
5 under operating costs, improvements, or where operating
6 costs or Asset Retirement Obligations come in below what is
7 forecast and therefore there is more cash and more cash flow
8 from Fieldwood One than currently forecast, then the
9 membership interest in Fieldwood One would actually have
10 value.

11 And so what we did was a -- utilized a typical option
12 value methodology, which is the Black-Scholes Formula. And
13 this page seven highlights the underlying assumptions on a
14 range of values for that residual distributable value or
15 membership interest on an option basis.

16 Q Thank you. Mr. Hanson, did you hear Mr. Dane's
17 testimony about the use of P50 versus P90 that he offered
18 yesterday?

19 A Yes, I did.

20 Q Do you agree with it?

21 A I do, yes, entirely.

22 MR. GENENDER: If we'll turn to page nine of the
23 demonstrative, please, Exhibit 107, Debtors' 107.

24 Q Mr. Hanson, does this picture on the right of the page
25 fairly and accurately describe which reserves in your view

1 should be included in valuing the assets?

2 A This demonstrates the reserves that should be included,
3 which in my expert opinion includes the proved, or P90,
4 reserves and the probable, or P50, reserves. One aspect
5 that Mr. Dane spoke about yesterday is that P50 is at its
6 heart in a definition probable. It is greater than a 50
7 percent probability. It's not proved, it's not certain.

8 A P90 is greater than a 90 percent probability
9 and, therefore, there is almost a certainty of outcome, or
10 it is a proved outcome, where a 50 percent or greater
11 probability, or P50, is in fact by definition the most
12 probable of outcomes.

13 MR. GENENDER: Thank you. I will pass the
14 witness. Thank you, Mr. Hanson.

15 THE COURT: Thank you. Are there any advocates of
16 confirmation that have questions for Mr. Hanson? If so,
17 please press five, star one time.

18 (No audible response)

19 All right. Are there any opponents to
20 confirmation that have questions for Mr. Hanson?

21 (No audible response)

22 Mr. Duewall, I've got your line active.

23 MR. DUEWALL: Thank you, Your Honor.

24 Craig Duewall on behalf of BP.

25 Good afternoon, Mr. Hanson.

1 THE WITNESS: Hello, Mr. Duewall.

2 CROSS-EXAMINATION OF JOHN-PAUL HANSON

3 BY MR. DUEWALL:

4 Q Mr. Hanson, you'll agree that your opinions are limited
5 strictly to valuation.

6 A That's correct.

7 Q And in your report and your testimony, you've expressed
8 no opinions regarding the feasibility of NewCo.

9 A No, I have not.

10 Q And in your reports and testimony you've expressed no
11 opinions regarding whether or not the confirmation of the
12 proposed Plan is likely to be followed by a liquidation of
13 NewCo; is that correct?

14 A That's correct.

15 Q And in your testimony and reports, you've expressed no
16 opinions regarding whether or not the confirmation of the
17 proposed Plan is likely to be followed by the need for
18 further financial reorganization of NewCo; is that correct?

19 A I have not expressed any of those opinions.

20 MR. DUEWALL: That's all I have, Your Honor, I
21 pass the witness.

22 THE COURT: Thank you.

23 Are there further questions for Mr. Hanson by any
24 party?

25 (No audible response)

1 THE COURT: All right. Mr. Hanson, thank you for
2 coming in.

3 THE WITNESS: Thank you.

4 (Witness excused.)

5 THE COURT: Does the Debtor rest?

6 MR. GENENDER: Yes, Your Honor.

7 THE COURT: Do any proponents of confirmation have
8 any additional evidence that they wish to introduce? Hold
9 on just a moment. Ms. Archiyan.

10 MS. ARCHIYAN: (No audible response)

11 THE COURT: Ms. Archiyan.

12 MS. ARCHIYAN: Your Honor (glitch in the audio).
13 Good afternoon, Your Honor, Yelena Archiyan on behalf of
14 (glitch in the audio) other affiliates of Energy Transfer.

15 Your Honor, I apologize, but I was caught off-
16 guard before the last break when you asked if anyone from
17 the opposition had witnesses to call. I didn't have a
18 witness to call and I don't have one to call now, but I was
19 going to request that you take notice of the schedule of
20 assets and liabilities for Fieldwood Energy, LLC, which is
21 at Docket No. 429. And that establishes Energy Transfer's
22 cash deposit.

23 THE COURT: Hold on.

24 ECF 429 is Schedule A and B filed by Fieldwood.
25 What -- it's 463 pages. What part of it do you want me to

1 notice?

2 MS. ARCHIYAN: I believe it's pages 15 and 17, the
3 Debtors' assets and cash deposits that they're holding.

4 THE COURT: So ECF --

5 MS. ARCHIYAN: Or that they (glitch in the audio).

6 THE COURT: Page 15?

7 MS. ARCHIYAN: I believe it's page 15. Hold on.

8 (Pause in the proceeding.)

9 THE COURT: So I've searched for the words "Energy
10 Transfer" and don't see them -- those words with the search
11 of the 463 pages. I need more detail on what you want me to
12 look at.

13 MS. ARCHIYAN: Yes. If you search Sea Robin
14 (phonetic), I -- it's either page 15 or 17. And I'm pulling
15 it up right now, I apologize.

16 THE COURT: That's okay. Sea Robin?

17 MS. ARCHIYAN: Yes.

18 THE COURT: Okay. Sea Robin Pipeline --

19 MS. ARCHIYAN: Yes.

20 THE COURT: -- is listed as a deposit, including
21 security deposits and utility deposits. At line 717, Sea
22 Robin Pipeline Company, LLC, \$975,000 is listed as the
23 current value of the Debtors -- I'm sorry, yeah, is listed
24 as a deposit by the Debtor, right?

25 MS. ARCHIYAN: Correct. Yes, so it's page ECF 17.

1 So and line 726 is Florida Gas Transmission, that's another
2 affiliate of Energy Transfer, and the corresponding amount
3 there is \$150,000.

4 THE COURT: So these are the Debtors' deposits
5 with your clients.

6 MS. ARCHIYAN: Correct.

7 THE COURT: Okay. Is there any objection to me
8 taking notice that the Debtor has represented that with her
9 clients there are two deposits: one totaling 975 with Sea
10 Robin and another totaling 150,000 with Florida Gas
11 Transmission?

12 MS. CHOI: No objection, Your Honor. This is Erin
13 Choi from the Debtors.

14 THE COURT: We'll take notice that those two
15 deposits are listed in the Debtors' schedules.

16 MS. ARCHIYAN: Thank you so much, Your Honor.
17 We're making progress with Debtors' counsel on the proposed
18 language, and this all may be moot by the end of the day
19 today. But just in case, thank you very much.

20 THE COURT: The end of the day is coming soon, so
21 all right.

22 MS. ARCHIYAN: Well, midnight is coming up.

23 THE COURT: All right. Mr. Scharfenberg, go
24 ahead.

25 MR. SCHARFENBERG: Yeah, good afternoon, Your

1 Honor. And, I'm sorry, I think I'm in a similar position.
2 I was pressing star five instead of five star earlier. Just
3 as a --

4 THE COURT: That'll do it.

5 MR. SCHARFENBERG: -- matter of housekeeping --
6 yeah. Just as a matter of housekeeping, I wanted to admit a
7 few exhibits that I understand the Debtors have no
8 opposition to.

9 It is at record document 1613, Exhibits 2, 3,
10 and 4.

11 THE COURT: All right. Is -- these are Zurig
12 documents 16, I'm sorry, 16 -- I apologize, --

13 MR. SCHARFENBERG: Thirteen, one, three.

14 THE COURT: -- 1613-2, -3, and -4 are being
15 offered. Any objection? The indemnity agreement, the
16 escrow agreement, and the bond are being offered into
17 evidence. All right, we --

18 MS. CHOI: Your Honor, Erin Choi, no objections,
19 sorry.

20 THE COURT: All right.

21 MR. SCHARFENBERG: Thank you.

22 THE COURT: We're admitting 1613-2, -3, and -4.

23 (Exhibits Nos. 1613-2, 1613-3, and 1613-4 received in
24 evidence.)

25 THE COURT: Mr. Scharfenberg, anything further?

1 MR. SCHARFENBERG: Nothing further. Thank you,
2 Your Honor.

3 THE COURT: So next time, by the way, I've had
4 people where they get their phone out of sync. There are
5 two solutions to that. One is hang up and dial back in once
6 you realize that. But the other is turn on your camera and
7 wave and I'll eventually find you, Mr. Scharfenberg.

8 MR. SCHARFENBERG: Sounds great, thank you.

9 THE COURT: Mr. Woodard.

10 MR. WOODARD: (No audible response)

11 THE COURT: Mr. Woodard.

12 MR. WOODARD: Yes, Your Honor. I'm in the same
13 boat as my fellow sureties. We just have our indemnity
14 agreement that was attached as Exhibit Docket Number 1566-1
15 that Ms. Choi graciously consented to the other day but I
16 had not moved the admission.

17 THE COURT: Is there any objection --

18 MR. WOODARD: And I would like to do so.

19 THE COURT: -- to the admission of 1566-1?

20 MS. CHOI: No objection.

21 THE COURT: All right, --

22 MR. WOODARD: Thank you, Your Honor.

23 THE COURT: -- 1566-1 is admitted. Thank you.

24 (Exhibit No. 1566-1 received in evidence.)

25 THE COURT: Does any other party have any evidence

1 or do all parties rest?

2 MR. ZUBER: Your Honor, this is Scott Zuber. May
3 I be heard, please?

4 THE COURT: I'm sorry, who was that?

5 MR. ZUBER: Scott Zuber.

6 THE COURT: Mr. Zuber, go ahead, please.

7 MR. ZUBER: Hi, Your Honor, good afternoon, Your
8 Honor. Very quickly, again we would also ask that our
9 bonds, indemnity agreements, and certain exhibits be
10 admitted to evidence. I'm not aware of any objection. I
11 believe they're Exhibits B, C, D, and E in Document Number
12 1591, one, five, nine, one.

13 THE COURT: We have an offer of 1591-2, -3, -4,
14 and -5. Any objection?

15 MS. CHOI: Your Honor, if Mr. Zuber, you could
16 just remind me which entity you represent? I apologize.

17 MR. ZUBER: We represent Aspen, Everest, Berkley.
18 (Pause in the proceeding.)

19 MS. CHOI: No objection, Your Honor. Thank you.

20 THE COURT: Fifteen ninety-one two, three, four,
21 and five are admitted. Anything further, Mr. Zuber?

22 (Exhibits Nos. 1591-2, 1591-3, 1591-4, and 1591-5
23 received in evidence.)

24 MR. ZUBER: Yes, Your Honor. I don't have any
25 witnesses or any cross-examination of any of the witnesses,

1 but I just wanted to make sure that we'll have an
2 opportunity during closing arguments to make other legal
3 arguments in furtherance of what we stated at the opening.

4 We've got, you know, some legal arguments only.
5 And we'll just be referring to documents already in
6 evidence, such as the Plan, the Credit Bid Purchase
7 Agreement. But just wanted to make sure that we'll have
8 that opportunity in the morning just to make further legal
9 argument, no evidentiary --

10 THE COURT: You're going to have a chance to make
11 your closing argument tomorrow morning.

12 MR. ZUBER: Thank you, Your Honor.

13 THE COURT: Thank you. Mr. Knapp.

14 MR. KNAPP: Good afternoon, Your Honor. Appearing
15 for McMoran Oil and Gas, we'd like to admit the exhibits
16 attached as 1601 and 1608; 1601 has Exhibits 1 and 2, 1608
17 has Exhibit 3. My understanding -- these are all operating
18 agreements. My understanding is the Debtors have no
19 objection.

20 THE COURT: So I'm going to offer 1601-1, 1601-2,
21 and 1608-1. Any objection to those three exhibits?

22 MS. CHOI: No objection, Your Honor.

23 THE COURT: All three are admitted. Anything
24 further, Mr. Knapp?

25

1 (Exhibits Nos. 1601-1, 1601-2, and 1608-1 received in
2 evidence.)

3 MR. KNAPP: That's all. Thank you.

4 THE COURT: So this is actually working by me
5 continuing to say this. I'll say it another time. Does
6 anyone have any additional evidence to introduce? Because
7 we're about to close the record. But feel free if you've
8 got something else that we need to put in the record. Once
9 it's closed, it's going to stay closed.

10 (No audible response)

11 THE COURT: Press five star one time on your phone
12 if you wish to speak.

13 (No audible response)

14 THE COURT: All right. I'm going to show that all
15 the evidence is in and closed and that all parties have
16 rested. Closing arguments will begin tomorrow morning at
17 9:45. We're going to start with the Debtor. We'll then
18 have any other proponents of confirmation. We will then
19 have opponents of confirmation. And then we'll have final
20 rebuttal by the Debtor in the closing arguments. That'll be
21 the order of presentation.

22 If anyone has any questions, comments, or
23 objections to that, now is a good time so that I can figure
24 that out and you all can figure that out overnight if we
25 have a problem with it.

1 (No audible response)

2 THE COURT: All right. Parties are going to be
3 allowed to --

4 MR. GENENDER: Your Honor, --

5 THE COURT: -- use their PowerPoints if you wish
6 tomorrow. Just be prepared to show them. And we'll make
7 whoever you want as the presenter. Mr. Genender.

8 MR. GENENDER: Your Honor, can you -- you said
9 this earlier but I did not write it down, and I apologize.
10 What's the Court's schedule in the morning? There was a
11 block of time, right?

12 THE COURT: Yes, sir. So we're going to start at
13 9:45 and work until noon. Beyond that, I'm not sure what
14 the calendar will look like tomorrow afternoon. And if -- I
15 am not asking folks to limit their closing. These are
16 important closing arguments as far as I'm concerned. And if
17 I need to go in the afternoon or if I can't finish in the
18 afternoon, go until, you know, the next day, we're going to
19 do that. But everyone's going to get a chance to do full
20 closings. This is a long, complicated deal and I am not
21 going to cut people short on this.

22 MR. GENENDER: Thank you, Judge.

23 THE COURT: When will the proposed -- the final
24 version of the proposed Confirmation Order be filed?

25 (No audible response)

1 THE COURT: There's a lot of silence out there.
2 Mr. Perez, your line seems muted. Hold on. Mr. Carlson has
3 pressed five, star. Let me get his line active. Mr. Perez,
4 I don't see you as having pressed five, star. I'll need you
5 to do that if you want to speak. Mr. Carlson.

6 MR. CARLSON: Good evening, Your Honor, Cliff
7 Carlson for the Debtors. We Plan to file a proposed order
8 later this evening. It may be later. But we expect there
9 may be some further changes overnight after we file that.
10 But we are working with several different parties on various
11 inserts, and the goal and intention is to file it tonight.

12 THE COURT: So, Mr. Perez, you wanted to speak to
13 that as well, right?

14 MR. PEREZ: No. I was actually going to say that
15 either Mr. Carlson or Ms. Liou are probably the closest to
16 it.

17 THE COURT: So, look, I think it might be very
18 helpful to parties -- and I got it that there may be changes
19 made during closing arguments tomorrow to the Confirmation
20 Order. Can we file a version at some time certain tonight
21 so that parties can see what the current status is? And
22 then you can file another one, you know, overnight if you
23 want to that is redlined against that one. But let's get
24 people something they can start reading. I'm inclined to --
25 and I don't want to insist on a particular time, but I'm

1 inclined to think, you know, sometime around 8:30 or
2 9:00 o'clock tonight you all file the current status of the
3 Confirmation Order. And then whatever you file after that
4 would be redlined against that current status. And I don't
5 know if that works for you all. I'm not looking to, you
6 know, make double work but people need a chance to prepare.
7 Ms. Liou.

8 MS. LIOU: Yes, Your Honor, Jessica Liou from
9 Weil, Gotshal, Manges on behalf of the Debtors. That's fine
10 with us. We can file a form of proposed Confirmation Order
11 tonight by that deadline. And, Your Honor, we will also be
12 filing some very minor amendments to the Plan as well,
13 cleanup changes that we've been considering with the
14 lenders.

15 THE COURT: And those will be redlined, right?

16 MS. LIOU: Those will be redlined. And there will
17 be one other change, which it's just on reservation of
18 rights language that got added into the Plan as a result of
19 our continuing discussions with the government.

20 THE COURT: Okay. So not later than 9:00 p.m.
21 tonight I want the Debtors to file the latest version of the
22 proposed Confirmation Order and the latest changes to the
23 Plan that are in existence as of 9:00 o'clock. And I am not
24 suggesting that you're then stuck with that permanently as
25 you continue to try and work through problems. But I need

1 people to see what they're shooting at. That is without
2 prejudice --

3 MS. LIOU: Can do.

4 THE COURT: -- to the rights of parties tomorrow
5 to argue they haven't had a reasonable opportunity to review
6 what those are. But, I mean, I haven't anybody -- had
7 anybody that's trying to delay this hearing so -- but I
8 think that gives people a fair chance.

9 And then we'll see what happens as we move into
10 closing arguments tomorrow. The closing arguments can focus
11 mostly on whether we ought to confirm or not and not what
12 the Confirmation Order says. So we may really split that
13 into saying, should we confirm the arguments. And then if
14 it turns out that there is controversy about the order, I
15 could do different arguments about what particular
16 provisions of the order maybe should say.

17 But it just depends. I don't know how many
18 changes you're going to make. And I, along with everybody
19 else, can look at redlines and try and make a reasonable
20 decision about that.

21 Anybody have any problem with that game plan?

22 Mr. Balasko, I saw you just turned on your camera.
23 I don't see that you pressed five star. Did you need to
24 address anything with us?

25 MR. BALASKO: (No audible response)

1 THE COURT: Mr. Balasko?

2 MR. BALASKO: Zach Balasko, Department of the
3 Interior. No, Your Honor, Ms. Liou just mentioned the
4 Government language, and I did not know if we wanted to
5 discuss that. But I certainly don't need to.

6 THE COURT: All right. Okay. We're in
7 adjournment. I'm resuming court in the morning at 9:00 a.m.
8 Closing arguments in this case will be at 9:45, and we'll
9 see you all then.

10 Thank you.

11 (Proceeding adjourned at 5:37 p.m.)

12 * * * * *

13 *I certify that the foregoing is a correct*
14 *transcript to the best of my ability due to the condition of*
15 *the electronic sound recording of the ZOOM/telephonic*
16 *proceedings in the above-entitled matter.*

17 /S/ MARY D. HENRY

18 CERTIFIED BY THE AMERICAN ASSOCIATION OF
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21 JTT TRANSCRIPT #64152

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